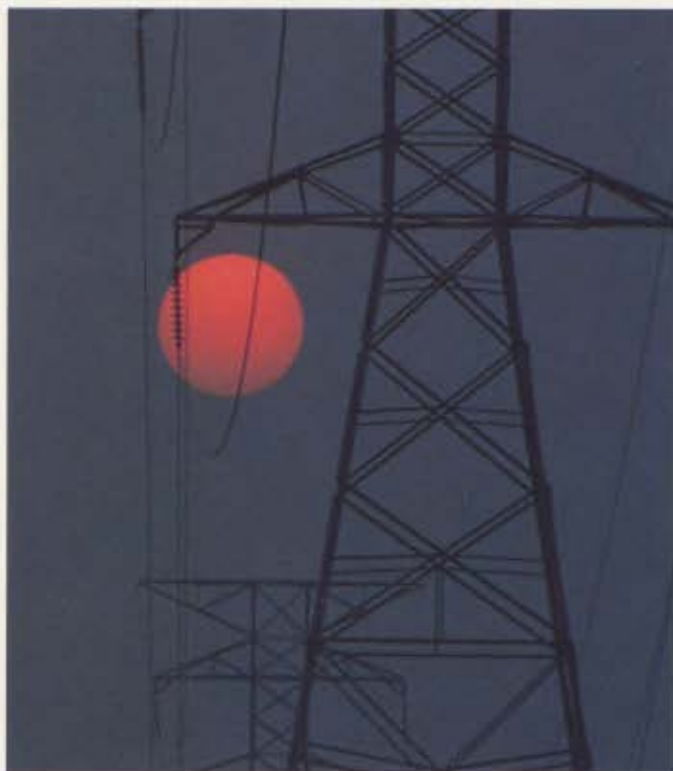


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New Directions



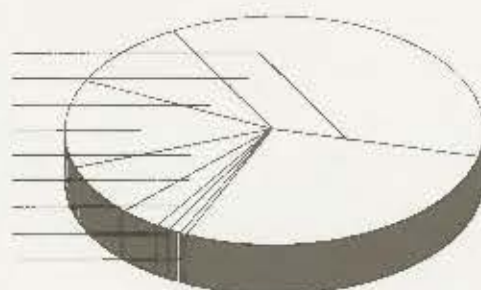
*Santee Cooper
1987 Annual Report*



SOURCE OF INCOME

Fiscal Year 1987

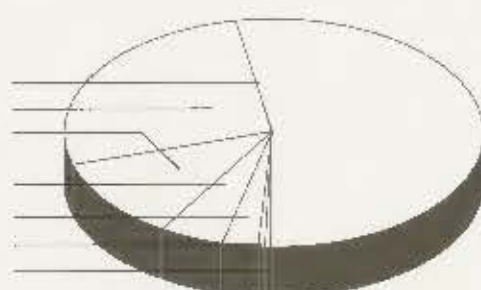
Sales to Electric Co-ops	\$207,248,603	41.02%
Industrial Sales	\$189,208,817	27.66%
Residential	\$52,438,296	10.38%
Commercial	\$50,888,273	10.10%
Other Income	\$24,888,744	4.85%
Military	\$18,220,367	3.81%
Other Sales for Resale	\$5,642,454	1.12%
Other Electric Revenue	\$4,534,215	0.82%
Municipals	\$1,676,090	0.32%



DISTRIBUTION OF INCOME

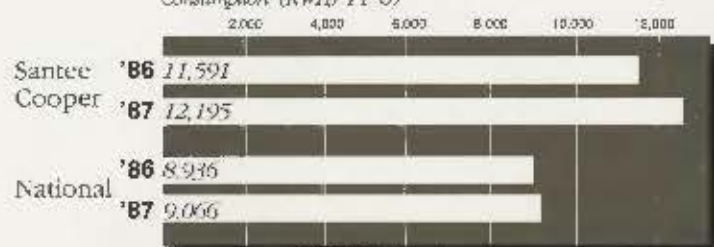
Fiscal Year 1987

Fuel & Purchased Power	\$181,952,053	38.03%
Interest	\$145,466,870	29.00%
Operation & Maintenance	\$81,684,054	16.16%
Additions to Plant, Inventory, Etc.	\$53,227,772	9.94%
Retirement of Debt	\$30,888,471	6.11%
Payments to the State	\$2,003,036	0.40%
Gains in Lieu of Taxes	\$1,845,743	0.38%

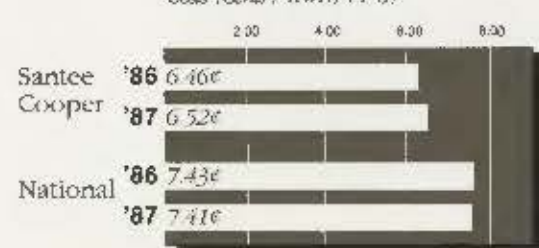


AVERAGE RESIDENTIAL CONSUMPTION & COST

Consumption (KWH) FY 87



Costs (Cents / KWH) FY 87



Financial Summary

Since Santee Cooper was created in 1934, a net amount of \$2,143,035,000 has been invested in its production, transmission, distribution, and general plant facilities. These capital additions have been financed through reinvested earnings, issuance of electric revenue bonds and notes, lease contracts, and a federal grant-in-aid of \$34,438,000.

Santee Cooper's net earnings before taxes since the first power was generated in 1942 total \$437,116,000. Payments in lieu of taxes have been made to the state of South Carolina totaling \$28,426,000, and to the counties and municipalities within our service territory totaling \$16,653,000. The remaining net earnings of \$392,037,000 have been reinvested in the Authority.

Revenue bonds totaling 3,494,899,000 have been issued since the creation of Santee Cooper. Series B bonds which were originally issued in 1949, 1971, 1976, and 1981 have been advance refunded and defeased. Also, portions of the 1980 Series A, 1981 Series A & C, 1982 Series A & B, 1982 refunding, and 1985 refunding have been advance refunded and defeased.

All refunding bonds had an outstanding balance of \$1,399,434,000 at the time they were refunded. Principal payments on all bond issues, including the issues refunded, total \$83,860,000. Outstanding bonds as of June 30, 1987 totaled \$1,998,105,000. The average annual interest cost on these bonds is 6.7 percent.

As of June 30, 1987, general improvement funds amounted to \$76,070,719 in addition to debt reserve, debt service, interest, and special funds which totaled \$269,757,000.

Corporate Statistics

Fiscal Year	6/30/87	6/30/86	6/30/85	6/30/84	6/30/83	6/30/82	6/30/81	6/30/80	6/30/79	6/30/78
Total Utility Plant-net including nuclear fuel (at year end) (in thousands of dollars)	1,727,848	1,745,892	1,773,786	1,779,161	1,670,571	1,467,710	1,205,200	950,628	759,839	577,936
Bonded Indebtedness (at year end) (in thousands of dollars)	1,988,105	1,938,230	1,919,750	1,788,750	1,796,545	1,735,650	1,261,420	990,100	917,690	810,190
Operating Revenues (in thousands of dollars)										
Residential	52,433	46,529	41,414	35,572	28,098	27,121	21,849	17,639	15,255	14,585
Commercial	50,888	46,708	39,268	32,865	28,853	28,145	22,452	18,835	16,822	15,530
Industrial	139,207	139,681	152,549	132,833	124,015	131,189	99,551	40,417	35,131	26,672
Military	18,221	18,000	15,848	13,878	12,893	12,487	9,225	6,954	6,567	6,330
Municipal	1,675	1,792	1,575	1,254	1,029	955	704	587	546	526
Wholesale	212,891	198,826	177,906	140,211	126,104	105,994	90,971	65,997	59,975	54,101
Miscellaneous	4,634	3,463	2,261	1,986	1,716	1,840	1,494	1,364	1,401	1,236
Total	480,659	455,000	430,822	358,899	322,708	307,731	246,346	151,793	135,697	118,980
Operation & Maintenance Expenses Charged to Operations (in thousands of dollars)	273,646	260,955	259,233	236,389	218,976	226,320	187,890	108,997	103,928	88,144
Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)	2,390	2,176	1,920	1,750	981	565	988	928	726	658
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	2,003	1,901	1,700	1,600	1,500	1,400	1,300	1,300	1,200	1,201
Net Operating Revenues Available For Debt Service (in thousands of dollars)	229,584	219,072	195,889	136,186	118,230	94,219	66,503	46,732	35,958	33,796
Reinvested Earnings* (in thousands of dollars)	40,290	30,106	45,948	50,515	41,057	53,131	29,330	21,406	19,791	5,516
Debt Service Coverage:										
Expansion Bonds	1.58	1.47	1.61	1.83	1.69	2.18	1.90	2.41	2.12	2.30
Priority Obligation & Expansion Bonds	1.54	1.46	1.59	1.78	1.65	2.07	1.79	2.14	1.88	1.98
Kilowatt-hour Sales (in thousands)										
Residential	804,154	720,438	672,865	646,467	559,929	541,522	536,461	472,495	443,186	446,247
Commercial	892,123	812,520	736,430	688,748	595,724	569,474	549,737	511,726	506,243	489,437
Industrial	4,718,882	4,557,796	4,501,626	4,232,994	3,940,370	4,049,632	3,952,406	1,880,415	1,788,087	1,441,494
Military	440,978	443,064	405,802	392,309	373,493	350,127	343,258	306,582	316,537	323,763
Municipal	28,651	30,500	29,571	25,446	20,236	17,841	17,572	17,506	16,966	16,670
Wholesale	4,729,540	4,214,322	3,878,087	3,798,454	3,422,275	3,351,986	3,470,042	3,098,574	2,881,781	2,843,955
Total	11,612,328	10,778,640	10,226,381	9,784,420	8,911,937	8,879,984	8,869,478	6,298,298	5,952,800	5,561,566
Number of Customers (at year end)										
Residential	67,435	63,895	59,755	55,610	50,255	46,310	43,462	40,053	38,058	35,590
Commercial	14,210	13,733	13,553	11,601	10,583	10,129	9,754	9,236	8,859	8,466
Industrial	27	26	26	26	25	25	25	24	21	20
Military	3	3	3	3	3	3	3	3	3	3
Municipal	306	372	342	329	300	224	216	212	207	197
Wholesale	3	3	3	3	3	3	3	3	3	3
Total	81,883	78,032	73,682	67,572	61,168	58,694	56,463	49,531	47,151	44,279
Residential Statistics (average)										
Kilowatt-hour Consumption/Consumer	12,195	11,591	11,696	12,240	11,708	12,093	12,875	12,851	12,087	13,174
Cents/Kilowatt-hour	6.32	6.46	6.15	5.50	5.62	5.01	4.09	3.73	3.44	3.27
Generating Capability (year end) (megawatts)	2,780	2,758	2,764	2,764	2,265	1,965	1,965	1,736	1,456	1,400
Power Requirements and Supply (kilowatt-hours in millions)										
Generation:										
Hydro	518	413	485	528	594	522	414	824	680	702
Steam	9,465	8,472	8,442	7,297	7,840	8,492	8,620	5,800	5,343	5,238
Combustion Turbine	—	—	1	2	—	18	31	10	6	38
Nuclear	1,744	1,871	1,516	1,931	494	—	—	—	—	—
Total	11,718	10,756	10,444	9,848	8,928	9,032	9,065	6,634	6,029	5,978
Purchases, Net Interchange, Etc.	327	353	227	355	333	380	371	193	429	95
Total	12,045	11,109	10,671	10,203	9,261	9,412	9,436	6,827	6,458	6,073
Calendar Year	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Territorial Peak Loads (megawatts)	2,123	2,006	1,824	1,810	1,695	1,754	1,554	1,352	1,231	1,161

*Reinvested earnings referred to above and on pages 40, 41, and 42 reflect revenue available to meet Santee Cooper's Bond Indenture and Resolution requirements.

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Comparative Highlights

FISCAL YEAR	1987	1986	% CHANGE
Retail Customers Served	81,950	78,000	5.06
Average Annual Residential Consumption (kilowatthours)	12,195	11,591	5.21
Average Residential Cost (cents per kilowatthour)	6.52	6.46	0.93
Operating Revenue	\$480,059,055	\$455,000,175	5.51
Gross Income	\$505,055,799	\$481,687,205	4.86
Electric Operating Expenses	\$341,066,767	\$326,895,136	4.34
Gross Expenses	\$494,005,176	\$477,643,805	3.43
Other Deductions	\$ (316,318)	\$1,800,297	(117.68)
Costs to be Recovered from Future Revenue	\$ 25,920,650	\$ 27,863,063	3.80
Energy Sales (megawatthours)	11,612,326	10,778,640	7.73
Bulk Energy Sales to other Utilities	229,260	104,463	119.47
Territorial Peak Demand (megawatts)	2,123	2,123	0
CALENDAR YEAR	1986	1985	% CHANGE
Territorial Peak Demand (megawatts)	2,123	2,006	5.83

Cover: Sunrise on South Carolina's coastal plain. A new day — and new directions for Santee Cooper, South Carolina's state-owned public power resource. "New Directions" is the theme of this report, indicating Santee Cooper's historic commitments to service and stewardship and to an expanding role in helping to shape the dynamic future of the Palmetto State. Members of Santee Cooper's management team express the new directions being taken for customers, employees, bondholders and the people of South Carolina.



Letter from the Chairman and the President

Fiscal Year 1987 was one of the best and most challenging in Santee Cooper's history. However, our greatest accomplishments were not in increased sales of electricity, but in our responses to the needs of our customers and the people of our state.

Our residential rate system was revised to more fairly balance the cost-of-service to our year-round, all-electric customers compared to non-all-electric and seasonal customers. In addition, a "Good Cents" program, allowing a rate reduction of up to 23 percent for new all-

electric, energy-efficient homes, was jointly offered to our customers and Central Electric Cooperative, Inc. In recognition of the company's energy conservation efforts, Santee Cooper received the American Public Power Association's annual Energy Innovator Award, becoming the first public power system in the nation to receive this honor twice.

Responding to a depressed metals market and an influx of foreign imports, we, in cooperation with our coal and rail suppliers, provided considerable relief in reduced

power costs to our three largest industrial customers: Alumax of South Carolina, Georgetown Steel, and Macalloy Corporation. As a result, all three firms returned to full production and employment.

The number of retail customers served increased 5.1 percent to 81,950 during the fiscal year. Energy use by wholesale customers increased by 12.2 percent, use by retail customers increased 10.3 percent, and industrial use grew 3.5 percent.

While load growth was responsible for a 6 percent rise in revenues over last year, electric operating expenses increased only 4 percent. And this year's advance refunding of bond issues caused a \$4.8 million reduction in interest charges. This saving helped to produce reinvested earnings of \$40.3 million on gross revenues of \$505.3 million.

Although legislation was passed this year which restricted our right to serve new industrial customers locating in areas assigned to Central's electric cooperatives, we

will continue to generate the power for the co-ops to serve these industries. This legislation redefined the economic development roles of both Santee Cooper and the co-ops and marked the beginning of a new era of cooperation between Santee Cooper, Central, and its 15 member co-ops. A joint economic development program to incorporate the new legislation, integrated communications and marketing, and a shared energy conservation program are the beginnings of a new alliance between Santee Cooper and the cooperatives. This reaffirms Santee Cooper's commitment to its mission of supporting economic development and job creation efforts in the state.

Also this year, another new direction for the company was established with the passage of legislation authorizing Santee Cooper to enter the wholesale water supply business, selling potable water from the lake system to entities in five counties.

For the recreational benefit of the people of our state, Santee Cooper,

in partnership with the State Department of Parks, Recreation, and Tourism, began development of the Old Santee Canal State Park. Visitors will be able to wander through the natural environment of Biggin Swamp and see a section of the historical waterway constructed in 1796 as the first canal in this country connecting two major river systems. Design of the park is complete, and construction will begin in the near future.

New directions, new goals, and continued success in service to our customers, our bondholders, and the people of the state will be the primary mission of Santee Cooper during the coming year.



Dwight A. Holder
Chairman of the Board



William C. Mescher
*President and
Chief Executive Officer*

ENERGY SALES

At the end of the fiscal year, Santee Cooper was serving 81,950 residential, commercial, and other retail customers located in Berkeley, Horry, and Georgetown counties. This was an increase of 3,950 or 5.1 percent over the previous year. Of this increase, 3,540 were residential and 410 were commercial. This compares with growth in 1986 of 4,140 residential and 210 commercial.

Sales to these retail customers were 1,725 gigawatthours, up 10.3 percent over the previous year. This compares to last year's growth in energy sales of 8.5 percent.

The average annual consumption of electricity by Santee Cooper residential customers increased to 12,195 kilowatthours, 5.2 percent more than the previous year and 34.5 percent greater than the national average.

The average cost per kilowatthour for Santee Cooper residential customers was 6.52 cents, .9 percent higher than the previous year, but 12 percent lower than the national average.

The average cost of power for Santee Cooper commercial customers was 5.72 cents per kilowatthour, down .5 percent from 1986 and 20 percent lower than the national average.

Industrial sales were 4,717 gigawatthours, up 3.5 percent over the

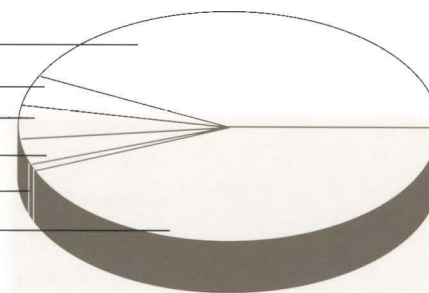
previous year. The average cost of power to industrial customers was 2.95 cents per kilowatthour, 3.9 percent less than the previous year and 37 percent lower than the national average. A significant portion of this decrease resulted from the temporary rate relief provided to Santee Cooper's three largest industrial customers, all suffering from a depressed metals market.

Sales to U.S. Air Force bases at Charleston and

ENERGY SALES

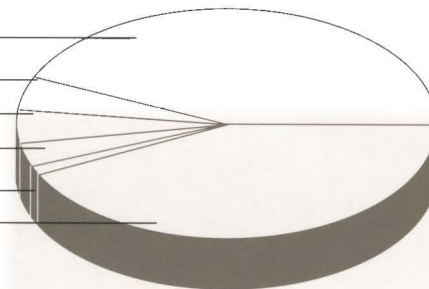
Fiscal Year 1987 (MWH)

Industrial	4,716,882	40.62%
Commercial	892,123	7.68%
Residential	804,154	6.92%
Military	440,978	3.80%
Municipals	28,651	0.25%
Wholesale	4,729,540	40.73%



Fiscal Year 1986 (MWH)

Industrial	4,557,796	42.29%
Commercial	812,520	7.54%
Residential	720,438	6.68%
Military	443,064	4.11%
Municipals	30,500	0.28%
Wholesale	4,214,322	39.10%



Myrtle Beach and to the Charleston Naval Station decreased .5 percent from 443 gigawatthours to 441 gigawatthours.

Sales through Central Electric Power Cooperative, Inc. to its 15 member co-ops increased 12.5 percent to 4,589 gigawatthours. Central is Santee Cooper's largest single customer. The electric cooperatives distribute power to more than 300,000 customers in 35 counties of the state.

Sales to the municipalities of Bamberg and Georgetown increased 3.7 percent.

DISTRIBUTION

Santee Cooper provided distribution and retail services to 81,950 customers in the counties of Berkeley, Horry, and Georgetown, compared to

last year's total of 78,000, for an increase of 5.1 percent. Energy sales for the year totaled 1,725 gigawatthours with revenue of \$105,106,599.

The Horry-Georgetown Division serves the Grand Strand resort area, a top vacation spot, which boasts more than 13 million visitors annually, over 50,000 guest rooms, more developed campsites than any other area, 40 championship golf courses, and 20 additional courses to be completed within five years.

This division provided new service to 1,633 single family homes, 2,206 condominium units, 1,193 townhouse and apartment units, five mobile home subdivisions, five hotels, four shopping centers, and 212 other commercial customers. Service was also completed to a new surface water treatment plant

located in Myrtle Beach.

To improve the system, gather planning data, and increase customer service reliability in the division, a distribution Supervisory Control and Data Acquisition (SCADA) system was purchased. A master workstation and 9 remote terminal units were received for the SCADA system, which will monitor and control distribution and transmission substations.

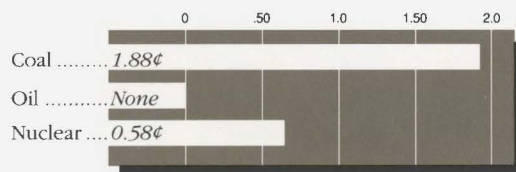
The distribution mapping system completed the computer-based digitized mapping of 13 substations and their feeders for increased economic load flow and more efficient delivery of service.

A new 4,125 square foot retail office, located in North Myrtle Beach, was completed. The facility includes customer services and offices for engineers and energy management representatives.

In the Berkeley District, underground service was provided to an apartment complex, a fast-food restaurant, a new mini-mall, and a small shopping center.

FUEL GENERATING COST/KWH

(Cents / KWH) FY 87





Joe C. Norman

Power companies will be among the last industries in this country to be challenged by the "world economy." It has already shown its impact in subtle ways. Those of us in the business who help our customers become more energy-efficient will be the leaders in the industry in the next decade. Customer sensitivity, productivity, and efficiency must be the forces that drive us, and Santee Cooper is already moving forward with programs like the "Good Cents" energy-efficient home.



*Vice President,
Commercial Operations*

ENERGY MANAGEMENT

The Good Cents Program, a national plan for energy-efficient, all-electric residences, was introduced to new home buyers. Energy Management presented the program to area builders, developers, contractors, engineers, and architects and worked with them on required construction standards. Construction of housing units using Good Cents guidelines began in Green Park, a condominium project, and Foxcroft, a patio home community, both located in Myrtle Beach.

To promote energy-efficient mobile homes, Santee Cooper adopted a rigid Good Cents Mobile Home Program.

Good Cents low-interest residential loans for energy-efficient home improvements were \$326,467.68, including \$251,196.69 for installation of new electric heat pumps. Twenty-six fossil fuel and 46 electric resistance heating systems were converted to heat pumps. Since Santee Cooper's low-interest loan

programs began, approximately \$1 million has been loaned.

Approximately 80 schools and 50,000 students and teachers in Horry, Georgetown, and Berkeley counties were supplied with audio/visual and printed energy education materials. To promote energy awareness and the company's educational resources, teacher conferences were held in all three counties.

Santee Cooper and local electric cooperatives co-sponsored a NEED (National Energy Education Day) student conference that featured energy-related activities.

Energy Management coordinated educational seminars on cost efficiency for heat pump contractors, architects, builders, developers, realtors, financial institutions, civic groups, and company employees.

Santee Cooper received the American Public Power Association (APPA) Energy Innovator Awards for an APPA-funded Demonstration of Energy-Efficient Developments project. The project uses a computer program to analyze data from resi-

dential multi-channel, solid-state meters for rate design and marketing research.

Energy audits were provided for more than 450 residential customers and 85 commercial customers.

Load calculations and thermal design analyses for sizing electric heating and cooling systems were provided for more than 480 residential customers and 68 commercial customers.

GENERATION AND LOAD GROWTH

Santee Cooper facilities, including one-third ownership of the V.C. Summer Nuclear Station, generated 11,718,436 net megawatthours of electricity this year, an increase of 8.9 percent over last year.

Of the total power generated, 80.7 percent was produced using coal, 14.9 percent by nuclear, and 4.4 percent by hydroelectric. The percentage of nuclear power generation decreased because of the three-month outage for reloading fuel. Peak hourly demand for the year matched that recorded last year — 2,123 megawatthours.

NUCLEAR POWER

The Virgil C. Summer Nuclear Station, an 885-megawatt nuclear plant jointly owned with South Carolina Electric & Gas Company, achieved a capacity factor of over 92 percent in calendar year 1986, making it one of the top nuclear performers in the United States. Santee Cooper owns one-third of this nuclear unit.

In March, the plant underwent its third refueling outage. In FY 87, until this scheduled outage, the plant achieved an availability of 98.4 percent and a capacity factor of 93 percent.

The 1987 refueling outage was one of the most extensive yet undertaken by the Summer Nuclear Station. In addition to the actual refueling, the outage allowed for many modifications and extensive maintenance work. Inspections and preventive measures were also taken on the unit's three steam generators to ensure a greater effective lifetime. The next refueling outage is scheduled for the fall of 1988.

For FY 87, the Summer Nuclear Station generated over 1.7 billion kilowatt-hours of electricity for Santee Cooper customers, or approximately 15 percent of the company's electricity sales.

SYSTEM PLANNING

As part of System Planning's growth, training and technical instruction manuals were written and a PEP committee was organized to ensure continued coordination between System Planning and Power Supply Planning.

Improving system reliability, planning activities were completed on a new three-way interconnection between Santee Cooper, Savannah Electric and Power Company, and Georgia Power Company, including a 500-230 kV West McIntosh Station and a new 230 kV power line from the Bluffton-Hilton Head area to McIntosh. Two major new substations were planned for the Horry-Georgetown area—Red Bluff 230 kV Station in Horry County and Campfield 230 kV Station in Georgetown County.

ENGINEERING AND CONSTRUCTION MANAGEMENT

At Cross Station, the boiler supplier modified the boiler to meet the contractual guarantee for efficiency. Arbitration proceedings with the flue gas desulfurization system supplier ended, and a settlement of \$4.78 million was received. This money is being used to install necessary equipment improvements for satisfactory performance.

Also at Cross, several improvement projects were completed, including electronic as-received coalscale, coal pulveriza-

tion fire detection system modifications, permanent turbine building east wall, and yard equipment building.

Unit No. 4 at Jefferies Station was modernized by equipping the two 1,500 horsepower induced draft fan motors with variable speed drive (VSD) units to resolve a fan vibration problem and lower electric power consumption. Based on the success of this project and potential power savings, motors at other stations will be equipped with VSD's.

At Winyah Station, the boiler manufacturer installed a radiant reheater section to improve boiler performance of Unit No. 2.

Also, a new supervisory system was installed to enable control room personnel to remotely operate auxiliary equipment, including two Santee River pumping stations, the holding pond pumping station, and the cooling tower fans and equipment.

The State General Assembly passed legislation authorizing Santee Cooper to enter the wholesale water supply business and sell potable water from the lake system to entities in Berkeley, Charleston, Dorchester, Orangeburg, and Clarendon counties. Following the 1986 preliminary feasibility study, a more detailed engineering study and cost estimate was completed in June for developing water rates for use in negotiations with potential wholesale customers.

PERFORMANCE AND ENVIRONMENTAL SERVICES

The Performance Group conducted thermodynamic tests on eight coal-fired generating units, turbine enthalpy tests on three units, load control tests on two units, and various station component tests on equipment such

GENERATION AND TRANSMISSION SYSTEM



as cooling towers and boilers. The test results are used to document heat rates, improve unit efficiency, predict unit maintenance requirements, determine which units are the most economical to operate, and calculate precise costs for generating electricity.

Environmental Services provided technical assistance to the generating stations and other divisions of Santee Cooper on regulations for hazardous and non-hazardous waste, acid rain, surface water, ground water, underground storage tanks, community right-to-know, air quality, and PCBs, assuring compliance with state and federal environmental regulations.

To manage the activities required by these environmental regulations, several programs were begun, such as a PCB management plan, Best Management Practices plans, Waste Oil Incineration, Solvent and Paint Waste Recycling, Solid and Hazardous Waste Tracking plan, Underground Storage Tank program, Permit Tracking system, Ground Water Monitoring program, Biomonitoring and Macroinvertebrate investi-

gations, and Spill Prevention Control and Countermeasure plans.

PRODUCTION OPERATIONS

During this fiscal year, the average unit availability of Santee Cooper's generating stations was much higher than the national average. Winyah Station's Unit No. 1 led with 89.1 percent availability, 5.40 percent better than the national average.

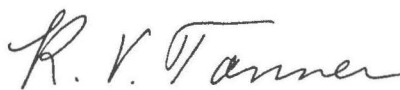
Winyah Station also won the Production Operations Goals Program annual award, with an improved heat rate 3.75 percent over the previous year. Greater plant efficiency saved \$3,400,000 in fuel costs. Grainger Station set a safety record, reporting no accidents for the year.

Jefferies Station's Unit No. 1, Santee Cooper's oldest steam unit, which dates from 1953, had a major planned steam generator outage to replace the superheater tubes and keep it ready for any required operation.

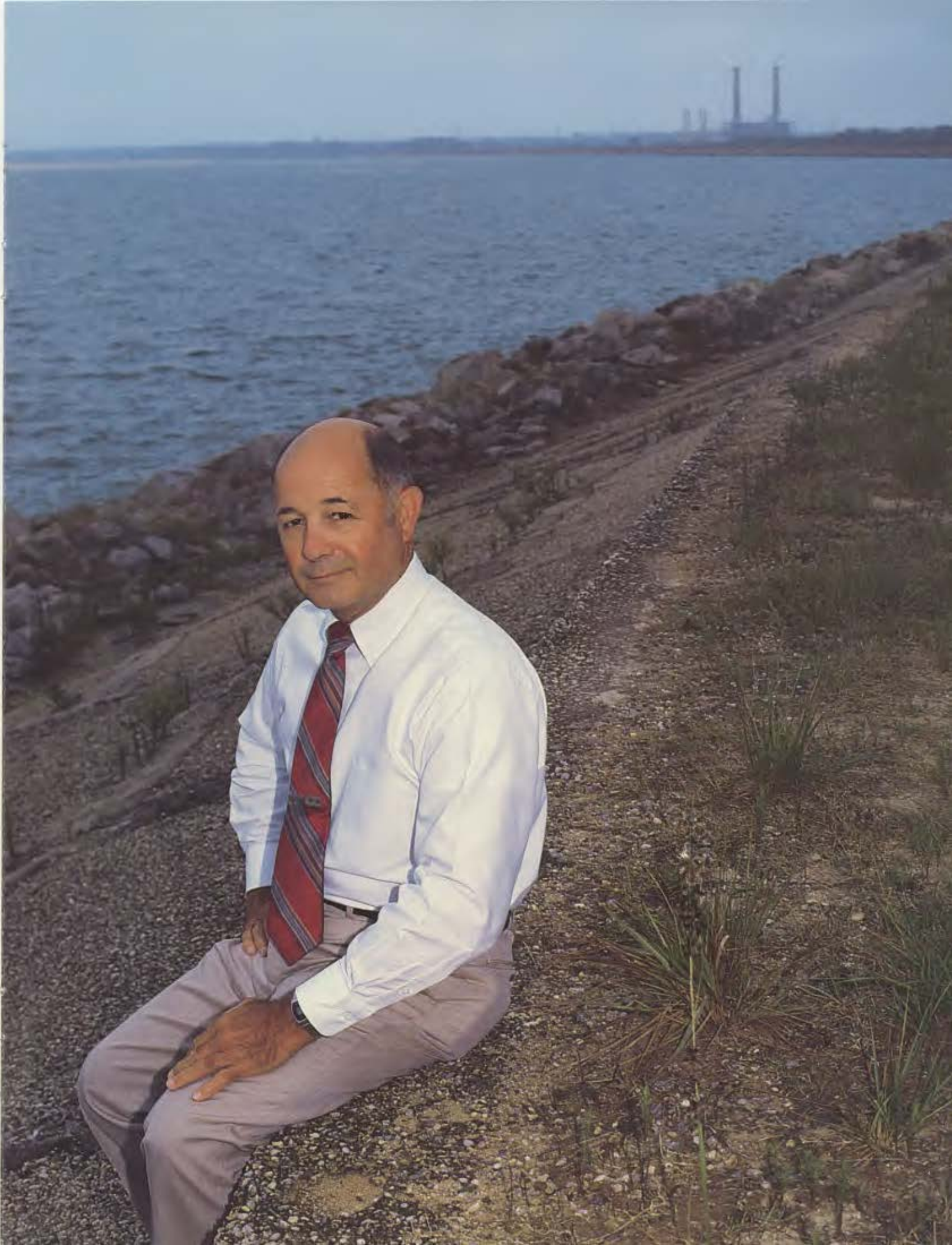
Annual inspections were performed on all units to prepare them to meet the summer load requirements.

Robert V. Tanner

Increased efficiency, innovation, and resource development are the road signs marking the new directions for Santee Cooper's Production Department. Improved heat rates, more efficient use of station power, and modification of our generating equipment will help us improve performance and save millions of dollars. Development of a regional water treatment facility will help our five-county area meet its needs for water well into the next century.



*Vice President,
Production*



Power Generating Stations

Jefferies Hydro Generating Station

Location: Pinopolis, SC

Fuel Type: Hydroelectric

Generating Capability:
128 megawatts

Construction Cost:
\$58.6 million / \$458 per kw

Began Commercial Operation: 1942

FY 1987 Generation:
198 million kwh

Fuel Consumption - FY 1987: none

Fuel Cost - FY 1987: none

Generation cost per kwh: none

Principal Features: Jefferies Hydro has four turbine generators which were initial units for the Santee Cooper Hydro Electric and Navigation System in 1942. Powerhouse is located at base of Lake Moultrie, with water level 75 feet above Tail Race Canal. Single-lift lock provides boat passage between Cooper River and Santee Cooper lakes. Water source is cumulation of rivers and streams draining 15,000 square mile Santee River Basin Watershed, which extends through the central and upper part of the state into western North Carolina.

Grainger Steam Generating Station

Location: Conway, SC

Fuel Type: Coal

Generating Capability:
Units 1 & 2 - 170 megawatts

Construction Cost:
\$29.2 million / \$172 per kw

Began Commercial Operation: 1966

FY 1987 Generation:
334.5 million kwh

Fuel Consumption - FY 1987:
139,572 tons of coal

Fuel Cost - FY 1987: \$5,824,782.54

Generation cost per kwh:
1.741 cents

Principal Features: Grainger Steam Generating Station was constructed by and is owned by Central Electric Power Cooperative, Inc. with funds received through a Rural Electrification Administration loan. The plant is operated and maintained by Santee Cooper, which is making payments on the long-term REA loan. When the loan is paid off, Santee Cooper will maintain ownership of the station.

Santee Spillway Generating Unit

Location: Pineville, SC

Fuel Type: Hydroelectric

Generating Capability:
2 megawatts

Construction Cost:
\$.04 million

Began Commercial Operation: 1950

FY 1987 Generation:
10.1 million kwh

Fuel Consumption - FY 1987: none

Fuel Cost - FY 1987: none

Generation cost per kwh: none

Principal Features: Hydro unit with small turbine generator was installed to generate power using the required discharge of 515 cfs into Santee River. Unit is operated remotely from Jefferies Steam Generating Station. Spillway is used in utility's flood control program for releases of water down Santee River.

Hilton Head Combustion Turbines

Location: Hilton Head Island, SC

Fuel Type: Oil

Generating Capability:
Unit 1 - 20 megawatts
Unit 2 - 20 megawatts
Unit 3 - 57 megawatts

Construction Cost:
Unit 1 - \$2.7 million /
\$135 per kw
Unit 2 - \$2.2 million /
\$110 per kw
Unit 3 - \$9.8 million /
\$172 per kw

Began Commercial Operation:
Unit 1 - 1973
Unit 2 - 1974
Unit 3 - 1979

FY 1987 Generation: 164,000 kwh

Fuel Consumption - FY 1987:
121,173 gallons

Fuel Cost - FY 1987: \$109,007.24

Generation cost per kwh:
66.468 cents

Principal Features: Hilton Head Combustion Turbines were added to system to assist in meeting growing peak load demand, particularly on most southern end of Santee Cooper's transmission system. Units also provide 97 megawatts of backup emergency generation for the barrier island resort community if it should be cut off from the mainland power supply by a hurricane or other severe weather.

Jefferies Steam Generating Station

Location: Pinopolis, SC

Fuel Type:

Units 1 & 2 - Oil
Units 3 & 4 - Coal

Generating Capability:
Units 1 & 2 - 92 megawatts
Units 3 & 4 - 306 megawatts

Construction Cost:
Units 1 & 2 - \$15.7 million /
\$171 per kw
Units 3 & 4 - \$54.8 million /
\$179 per kw

Began Commercial Operation:
Units 1 & 2 - 1954
Units 3 & 4 - 1970

FY 1987 Generation:
Units 1 & 2 - none
Units 3 & 4 - 1.3 billion kwh

Fuel Consumption - FY 1987:
Units 1 & 2 - none
Units 3 & 4 -
\$47,968 tons of coal

Fuel Cost - FY 1987:
Units 1 & 2 - \$519.74
Units 3 & 4 - \$24,978,517.04

Generation cost per kwh:
Units 1 & 2 - NA
Units 3 & 4 - 1.985 cents

Principal Features: Jefferies Steam Units 1 and 2 are oil-fired turbine generators. Installed when oil was the most economic source of fuel, these units are used basically on a standby basis and for peak load generation. Units 3 and 4 were initially oil-fired and later converted to coal to take advantage of the more economic fuel.





Winyah Steam Generating Station

Location: Georgetown, SC

Fuel Type: Coal

Generating Capability: Units 1, 2, 3, & 4 - 270 megawatts each

Construction Cost:

Unit 1 - \$ 62.4 million /

\$231 per kw

Unit 2 - \$ 73.2 million /

\$271 per kw

Unit 3 - \$ 118.0 million /

\$437 per kw

Unit 4 - \$ 110.7 million /

\$410 per kw

Began Commercial Operation:

Unit 1 - 1975

Unit 2 - 1977

Unit 3 - 1980

Unit 4 - 1981

FY 1987 Generation:

Unit 1 - 1.6 billion kwh

Unit 2 - 991.9 million kwh

Unit 3 - 692.5 million kwh

Unit 4 - 1.5 billion kwh

Fuel Consumption - FY 1987:

Unit 1 - 606,076 tons of coal

Unit 2 - 402,107 tons of coal

Unit 3 - 288,170 tons of coal

Unit 4 - 609,398 tons of coal

Fuel Cost - FY 1987:

Unit 1 - \$28,126,956.88

Unit 2 - \$18,496,361.39

Unit 3 - \$13,368,274.26

Unit 4 - \$28,052,944.56

Generation cost per kwh:

Unit 1 - 1.785 cents

Unit 2 - 1.865 cents

Unit 3 - 1.930 cents

Unit 4 - 1.877 cents

Principal Features: Winyah is Santee Cooper's largest generating station. Units were constructed during a half decade of OPEC-driven high inflation, rising construction costs, and fastest growing period of demand and energy growth in company's history.

Myrtle Beach Combustion Turbines

Location: Myrtle Beach, SC

Fuel Type: Oil

Generating Capability:

Units 1 & 2 - 20 megawatts

Units 3 & 4 - 40 megawatts

Unit 5 - 30 megawatts

Construction Cost:

Units 1 & 2 - \$ 2.9 million /

\$145 per kw

Units 3 & 4 - \$ 4.5 million /

\$119 per kw

Unit 5 - \$ 2.7 million /

\$90 per kw

Began Commercial Operation:

Units 1 & 2 - 1952

Units 3 & 4 - 1972

Unit 5 - 1976

FY 1987 Generation: none

Fuel Consumption - FY 1987:

18,311 gallons of oil

Fuel Cost - FY 1987: \$13,941.71

Generation cost per kwh: none

Principal Features: Myrtle Beach combustion turbines were installed to help meet extraordinary peak demands resulting primarily from summertime population explosion along Grand Strand resort area. Units are presently used for peak load generation.

Summer Nuclear Generating Station

Location: Jenkinsville, SC

Fuel Type: Nuclear

Generating Capability:

295 megawatts (1/3 of 885

megawatts)

Construction Cost:

\$336.0 million / \$1,120 per kw

Began Commercial Operation: 1983

FY 1987 Generation:

1.7 billion kwh

Fuel Cost - FY 1987:

\$10,023,000

Generation cost per kwh: .575 cents

Principal Features: Santee Cooper has one-third share of plant which is jointly owned with South Carolina Electric and Gas Company. SCE&G operates and maintains plant. When unit was constructed, it was the first joint nuclear project in the southeast between public and private utilities.

Cross Steam Generating Station

Location: Cross, SC

Fuel Type: Coal

Generating Capability:

520 megawatts

Construction Cost:

\$363.3 million / \$ 699 per kw

Began Commercial Operation: 1964

FY 1987 Generation: 3.1 billion kwh

Fuel Consumption - FY 1987:

1,194,398 tons of coal

Fuel Cost - FY 1987: \$59,364,908.69

Generation cost per kwh:

1.903 cents

Principal Features: Cross Station has the largest single unit in Santee Cooper's generating system. It is located between Lakes Marion and Moultrie. A unique feature is the adjoining Aquaculture Center with a two-and-one-half acre greenhouse which operates using residual heat from the station's cooling cycle.

St. Stephen Hydro Generating Station

Location: St. Stephen, SC

Fuel Type: Hydroelectric

Generating Capability: 84 megawatts

Construction Cost: \$ 63.7 million /

\$ 750 per kw

Began Commercial Operation: 1965

FY 1987 Generation:

310.7 million kwh

Fuel Consumption - FY 1987: none

Fuel Cost - FY 1987: NA

Generation cost per kwh: NA

Principal Features: St. Stephen Power Plant was constructed and is maintained by the U.S. Army Corps of Engineers as part of the Cooper River Rediversion Project. It is operated remotely by Santee Cooper from the energy control center in Moncks Corner. The Rediversion Project was designed to reduce the silting of Charleston Harbor. With its operation, water previously discharged through the generating turbines at the Pinopolis Power House is rediverted through the St. Stephen facility and discharged into the Santee River.



Robert E. Raine

"Quality is Job One" is the Ford-borrowed commitment that best describes the direction of lowered costs and improved service sought by Engineering and Operations. Computer-aided standards and designs, innovative and cost-cutting construction techniques, improved maintenance procedures, and computerized power control and dispatching methods will help us accomplish these goals. Through employee participation, we will continue to identify the areas where costs can most effectively be lowered.

Robert E. Raine

*Vice President,
Engineering & Operations*

POWER SUPPLY

The Supervisory Control and Data Acquisition (SCADA) system, used to remotely gather information from and operate substations and generating stations, was expanded to include on-line load flow studies to predict the effect of planned switching operations.

A computerized lake management program was introduced to help make lake management decisions.

Weather conditions are related directly to transformer and transmission line capabilities and lake conditions. Therefore, as part of the SCADA system, remote sensors that monitor wind speed, wind direction, temperature, and rainfall were installed at various substations.

A separate computerized system became operational, allowing system control personnel at all VACAR companies—Santee Cooper, Carolina Power & Light Company, South Carolina Electric & Gas Company, Duke Power Company, and Vir-

ginia Power Company—to exchange current system information every hour. Information exchanged on this VACAR NET System includes energy for sale or purchase, price quotes, transactions in progress, generating unit status, and computer-recommended transactions.

Santee Cooper entered into a contractual agreement for energy sales to Florida Power & Light Company. The first transaction took place during a seven-day period in May, with a maximum hourly demand of 300 MW and a total energy transfer of 50,400 megawatt-hours for \$962,208.

System Control purchased 111,143 megawatt-hours of power from the interconnected utilities in FY 87 to displace higher-cost generation for a savings of \$343,000. Also, 229,260 megawatt-hours of power were sold to the interconnected utilities for a total of \$4,705,000.

A PEP committee was organized to include Power Supply Planning.

DESIGN ENGINEERING

Design Engineering completed key projects important to system reliability. Design work was completed on the Bluffton-McIntosh project, a major tie with Georgia Power Company and Savannah Electric and Power Company. The project includes a 500-230 kV substation in Georgia and a 25-mile 230 kV transmission line. Within five years, Santee Cooper will realize a \$14 million savings in construction costs when the McIntosh substation is sold to Georgia Power Company. This project required routing a 230 kV bundled conductor transmission line through dense swamps, over a major river, and across state lines. Construction contracts were awarded to meet an energization date of January 1, 1988.

Also, route selection was completed on the Campfield-Pawleys Island 115 kV line. This project also had unusual design features, including a gas-filled, pipe-type submarine cable routed under the Intracoastal Waterway. Use of long-span design and reduced right-of-way

width through the use of an existing right-of-way met aesthetic and environmental requirements of routing the line along U.S. Highway 17.

In addition, on April 1, a 69 kV transmission line tap, approximately 10 miles long, was energized to serve Union Carbide's Kershaw County plant. The entire project was completed in 15 months, meeting tight schedule requirements.

Also, survey work was completed on the Santee Cooper Project Boundary as required by the Federal Energy Regulatory Commission (FERC) for relicensing.

GENERAL CONSTRUCTION

Santee Cooper's 42 miles of dams and dikes and its 56-mile-long navigation channel were maintained by work forces in General Construction who removed floatage and repaired the structures, channel markers, and buoys. The Federal Energy Regulatory Commission (FERC) reported that the project is in excellent condition for normal static loads and is well-maintained.

Federal funding was obtained to correct seismic load deficiencies in the West Pinopolis and North Santee Dams.

As an alternative to rebuilding the North Santee Dam and Spillway, a Comprehensive Emergency Action Plan for Dam Failure was tested in February. State and county emergency preparedness agencies participated with Santee Cooper, and officials from the FERC observed the exercise.

The emergency plan included installation of a 15-siren warning system, extending 25 miles downstream of the Santee Dam in the Santee River Flood Basin. In addition, tailwater monitoring devices at the North Santee Dam were installed to alert residents and Santee Cooper's Energy Control Center in the event of a dam failure. Residents in the flood plain received tone alert radios to be activated by the National Weather Service in an emergency. All emergency systems were installed in less than six months, and the test was judged a success. The acceptance of this alternative, over rebuilding the North Santee Dam, will ensure long-term savings esti-

mated between \$500 million and \$1 billion.

General Construction also provided clearing, grading, site preparation, foundation and carpentry work, and maintained roads and drainages for Santee Cooper's 52 subdivisions.

TRANSMISSION OPERATIONS

More than 11 billion kilowatthours of electricity were delivered to about 382,000 customers either directly or indirectly through Santee Cooper's transmission system. This consists of 3,372 miles of line and 58 substations and switching stations with voltages ranging from 34,000 to 230,000 volts. Power was supplied to about 82,000 retail customers, two municipalities, three military installations, 27 large industrial customers, and about 300,000 customers served by 15 of the state's 20 electric cooperatives through 221 delivery points.

Recent transmission system additions include nine new cooperative delivery points and eight tap lines. The 69 kV line supplying power to the new Union Carbide air reduction plant was energized April 1.

PROJECT MANAGEMENT

The Project Management division of Engineering and Operations provided project engineering, budget control, construction management, and material coordination for 96 projects in the 10-year construction budget. These projects, totaling over \$240 million, involve new construction and upgrading of system substations and transmission lines.

Major projects in which Project Management shared responsibility were service to the Union Carbide air reduction plant in Camden, the McIntosh tie with Georgia Power Company and Savannah Electric and Power Company, and the 115 kV transmission line from Campfield to Pawleys Island.

RELIABILITY

To improve system reliability, Santee Cooper maintains interconnections with other electric utilities, including the Southeastern Power Administration and the Southern Company at the R.B. Russell Dam; with

South Carolina Electric & Gas Company at Bushy Park, North Charleston, St. George, Mateeba, Columbia, and the Summer Nuclear Station; with Southeastern Power Administration, Duke Power Company, and the Southern Company at Clark Hill; and with Carolina Power & Light Company at Darlington, Hemingway, Kingstree, Lugoff, and Robinson.

CORPORATE COMMUNICATIONS

Santee Cooper received national recognition for its 1986 Annual Report in the form of the Walter C. Mason Award presented by the American Society of Personnel Administration. It was presented for the "most outstanding portrayal of human relations values in an annual report." The report was also judged first place in annual competitions sponsored by the American Public Power Association and the Advertising Federation of Charleston.

Electronic communication between employees was introduced with

NEWSLINE, an on-line news service which provides updated information to more than 400 employees with computer terminals.

"An Invitation to Charleston," a multi-image production, was produced by Corporate Communications for the Convention and Visitors Bureau of the Charleston Trident Chamber of Commerce. As a result, the Chamber presented Santee Cooper with the Golden Pineapple Award for outstanding support of tourism.

ECONOMIC DEVELOPMENT

As part of a corporate change of functions, the Economic Development Division was renamed the Marketing Division. Increased priority was directed to industrial retention and expansion.

A new program was begun for the development and management of a series of industrial parks located within Santee

Cooper's service territory. The first of these, the Atlantic Gateway Business & Industry Park, located in Conway, was developed jointly with Horry County and ready for announcement at the end of the fiscal year. An agreement was also received from the first industrial firm committed to locate on part of the 272-acre site.

Additional market research and targeted advertising were established as major features of the new marketing program.

In June, Governor Campbell signed into law Bill S.664, which limited Santee Cooper's ability to serve new industrial customers to the areas of assigned service territory in Berkeley, Horry, and Georgetown Counties.

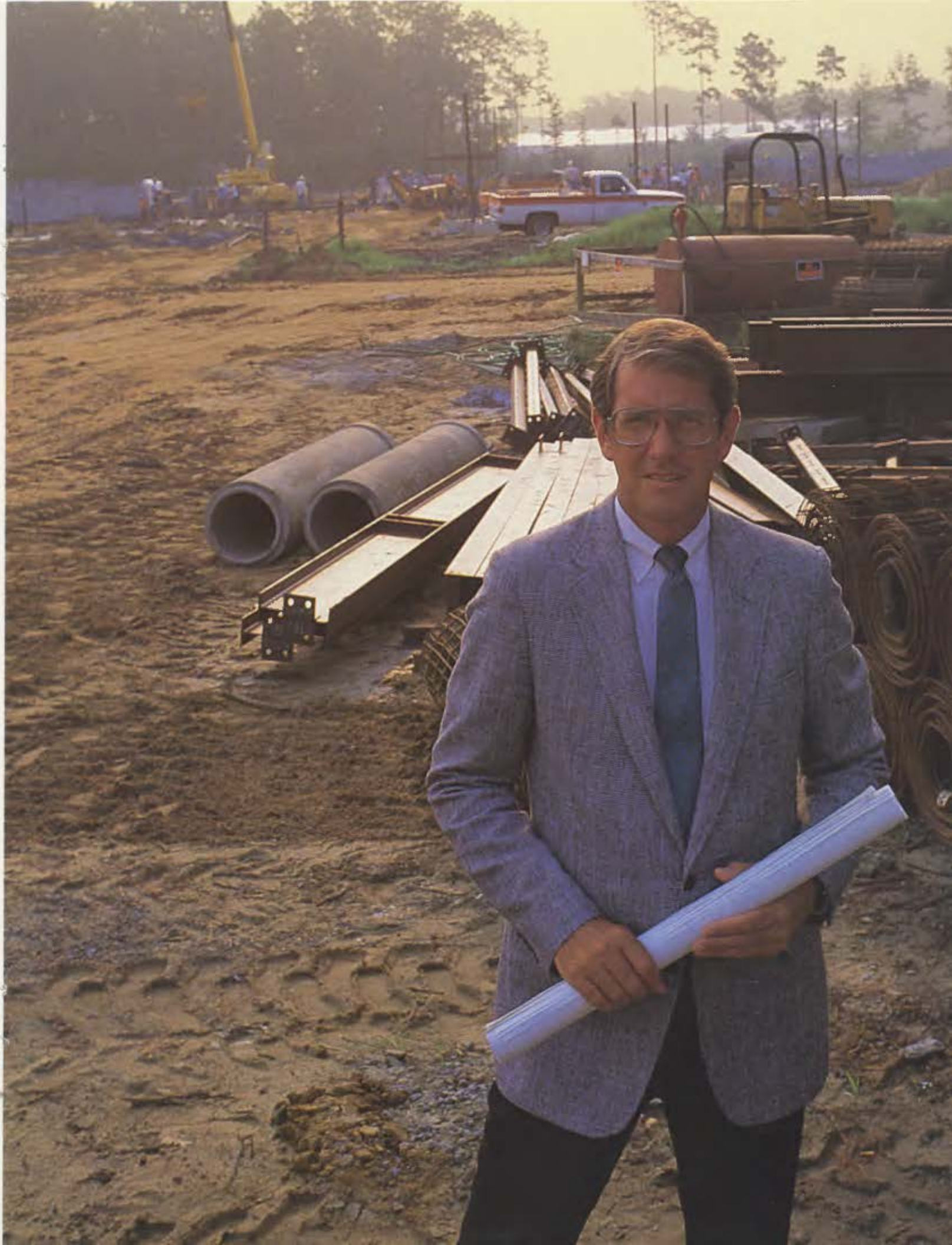
Support of statewide industrial growth was provided through participation in the South Carolina Coordinating Council for Economic Development. Efforts were expanded to work with and support the electric cooperatives in 35 of the state's 46 counties.

W. Andrew Burke

A more productive approach to economic development will result from a new alliance of cooperation between Santee Cooper and Central Electric Power Cooperative and its 15-member co-ops. Our effort will be more effective in helping create jobs and stimulating economic growth, both in the areas served by Santee Cooper and the electric cooperatives and throughout South Carolina.

W. Andrew Burke

*Vice President,
Marketing*



FLOOD CONTROL

Spilling was required for a total of 14 days during March, with an average spill of 26,639 cubic feet per second (cfs). This was part of Santee Cooper's flood control program to maintain proper elevations of the lakes and to reduce flooding of the lower Santee River.

MOSQUITO ABATEMENT

More than 8,000 entomological inspections were conducted in the five-county area around the Santee Cooper lakes to collect data for mosquito control assessment and planning.

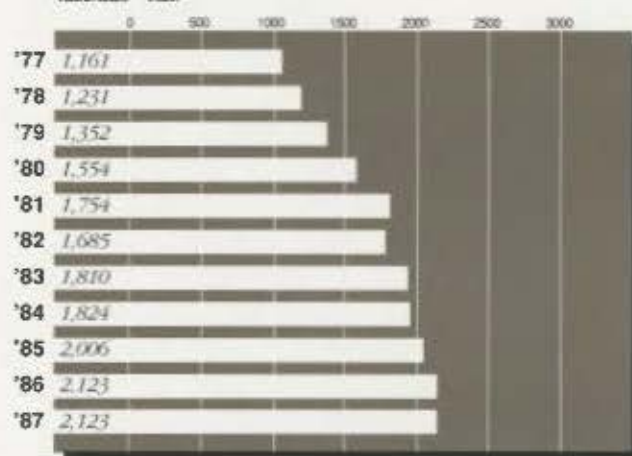
In the mosquito control program, more than 103,000 acres of land and water were treated. Coppice clearing and ditch maintenance, draining, and filling were conducted on more than 400 acres to reduce breeding sites. Biological control with the mosquito fish, *Gambusia affinis*, and the bacterial spore suspension of *Bacillus thuringiensis*, was used in all suitable areas.

WATER QUALITY MANAGEMENT

The 50 water quality monitoring stations located throughout the lake system were sampled on a regular basis. Stations were monitored monthly for physical, chemical, and biological conditions, and 18,050 analyses were conducted during the year in the unit's laboratory.

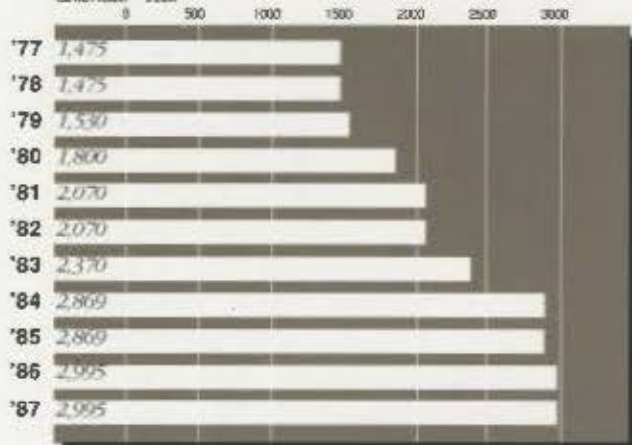
PEAK DEMAND (MW)

Calendar Year



CAPACITY (MW)

Calendar Year



Two surface water drainages flowing to Lake Marion from the GSX Hazardous Material Land Disposal Facility near Pinewood, S. C. were also sampled as part of an ongoing study. A tracer dye study was conducted in Lake Marion adjacent to the GSX site to document water flow patterns, travel times, and dilution rates of contaminants which may enter Lake Marion from the GSX facility.

Aquatic plant control was conducted on 3,750 acres of noxious aquatic vegetation. EPA-approved herbicides were applied by helicopter, airboat, and truck-mount spray units. Of the \$562,500 program cost, \$505,250 was funded by the S. C. Aquatic Plant Management Council and the U. S. Army Corps of Engineers.

AQUACULTURE

About 450,000 *Tilapia* fish were cultured at Santee Cooper's aquaculture hatchery at Winyah Station in Georgetown. Most were stocked in the Winyah Station cooling reservoir for weed control maintenance. More than 250,000 mosquito fish, *Gambusia*

affinis, were harvested and supplied to the Mosquito Abatement Section for mosquito larvae control throughout the Santee Cooper system.

Genetic research to produce triploid grass carp fish for biological aquatic plant management continued throughout the year. The triploid were spawned using hydrostatic pressure chamber shock of fertilized eggs.

HORTICULTURE

A tile drainage system was installed underneath the greenhouse growing beds for improved drainage and production. The greenhouse roofs were covered with four-mil double poly material to replace worn and wind-damaged roofs.

Revenue from horticulture for the year totaled \$53,464.

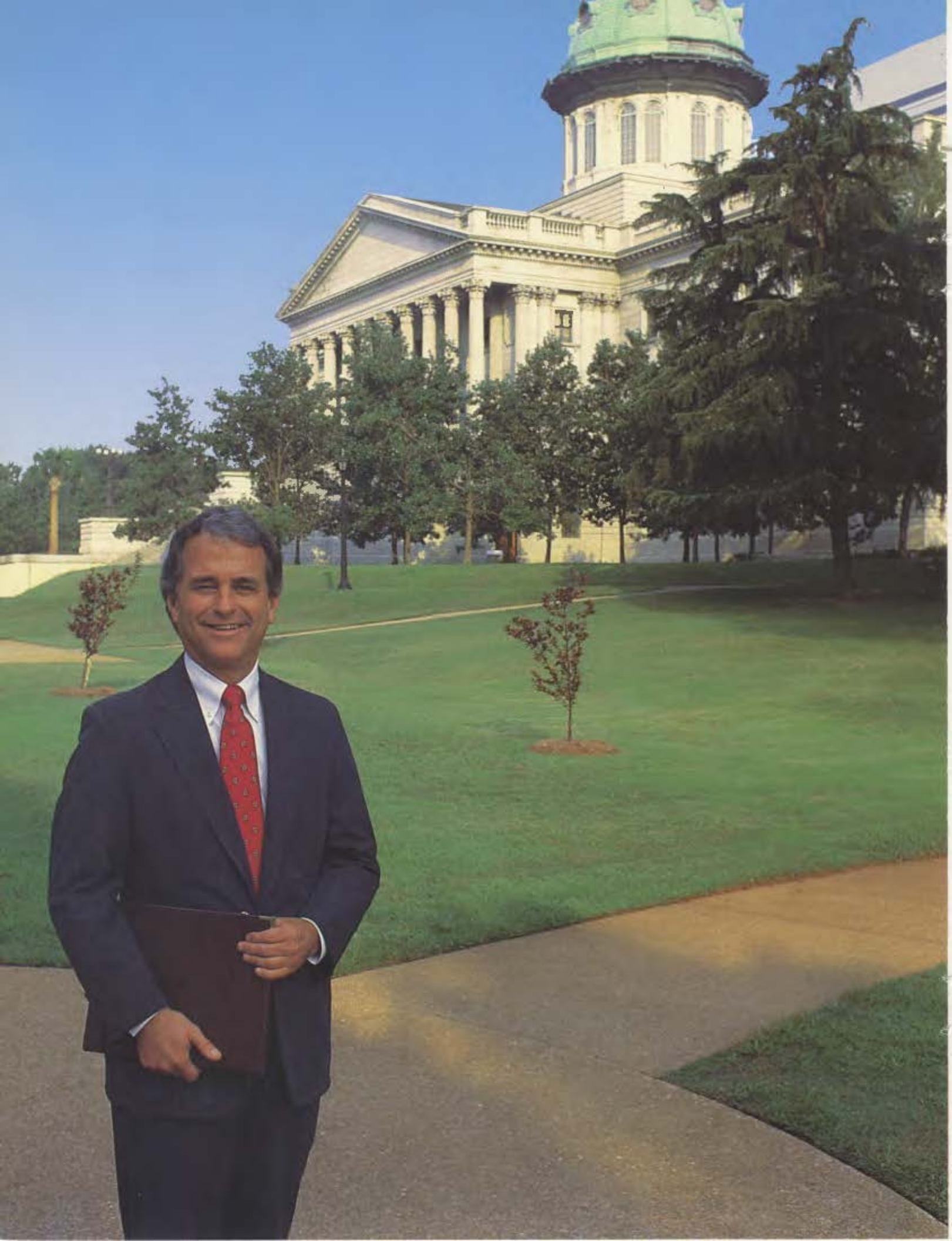
PROPERTY MANAGEMENT

The Property Management Division administered approximately 4,250 leases around the 152,688-acre Santee Cooper lakes. These include recreational lots in Santee Cooper subdivisions, marginal lots adjacent to privately-owned

subdivisions, commercial lots, gratis leases to public and quasi-public agencies, and various miscellaneous leases for public recreational facilities. Revenues collected from these leases totaled \$623,316 during last year. Property Management personnel provided routine maintenance and repairs for 17 public boat launching ramps and parking areas under lease to the South Carolina Wildlife and Marine Resources Department.

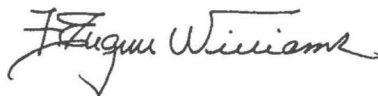
Santee Cooper, coordinating with the S. C. Department of Parks, Recreation & Tourism, began work on the Old Santee Canal State Park. This 220-acre historic and environmental park is located near Santee Cooper's headquarters, adjacent to Stony Landing Plantation in Berkeley County. The site includes the lower portion of the Santee Canal, the first major overland construction of its kind in the United States. The park is projected to be completed and open in early fall, 1988.

A total of 18,899 acres of prime wildlife and waterfowl habitat were leased to the S. C. Wildlife and Marine Resources Department on a gratis basis



F. Eugene Williams

Working more closely with our elected and governmental officials at all levels will help us significantly improve the quality and dimensions of service to our customers, the communities where we serve, and the people of South Carolina. As a vital economic and energy resource belonging to the people of this state, our most important commitment is to respond more effectively to their needs.



*Vice President,
Governmental Affairs*

for use as part of the state's Wildlife Management Program. Reforestation programs resulted in 815,000 genetically improved pine seedlings being planted on 1,156 acres of Santee Cooper lands. Approximately 4,100 acres of forest were control-burned to reduce wildfire hazards, improve aesthetics and wildlife habitat, and control undesirable species. One hundred fifty miles of fire-breaks were constructed or maintained around young pine plantations to protect them from wildfires. Revenues from the sale of forest products and agricultural leases totaled more than \$260,000.

PROGRAM FOR EMPLOYEE PARTICIPATION

Nineteen groups in the company's Program for Employee Participation (PEP), a program designed to improve efficiency, were started in FY 87, bringing the total number of active groups company-wide to 29. This represents 220 employees, a 175 percent increase over last fiscal year.

Completed projects averaged \$15,014.79 to

implement, with annual costs of \$320.39 and annual savings of \$8,021.18. This includes eight of the total 10 projects completed for FY 87 and represents an average pay-back period of 23 months.

PEP established employee introductory training courses. Introduction to Employee Involvement, Introduction to Problem Solving, and Introduction to Participative Management emphasized listening and communication skills, team building, group problem solving, leadership style, and effective meeting management.

HUMAN RESOURCES

During the year, approximately 125 employees participated in Health Maintenance Organizations, and over 40 percent of employees were enrolled in the deferred compensation program. One hundred seventy employees advanced to new responsibilities through the internal job posting system or by natural progression. The company hired 118 new employees. This five percent growth increased total employment to 1,559. Sixty-one temporary em-

employees were used to supplement the workforce and to limit full-time employment.

OCCUPATIONAL HEALTH

Annual employee physicals were expanded to include comprehensive blood chemistry profiles reporting blood cholesterol and heart, liver, and kidney function. Over 1,500 employees and applicants received evaluations and health advice.

Supporting Santee Cooper's new restricted smoking policy, Occupational Health sponsored smoking cessation classes throughout the company. Sixty-seven employees successfully completed the course.

Occupational Health also conducted Multimedia First Aid instruction for 314 employees and CPR and Basic Life Support courses for 1,034. Hearing Conservation classes were completed by 872 employees, while 165 completed Prevention of Back Injuries courses, and 580 completed Respiratory Protection courses.

As part of Industrial Hygiene's evaluation and

control of health hazards in the workplace, more than 200 employees in Production and Operations were monitored for noise exposure.

TRAINING AND DEVELOPMENT

Employees attended 460 external courses and 186 internal programs in various subject areas including professional skills development.

Eighteen engineers were enrolled in an external Professional Engineering Reviews program at a local college to help them obtain a Professional Engineering license.

There were 121 internal training programs, which included supervisory and management programs, computer, communication techniques, customer service, electrical/electronic instrumentation, mechanical maintenance, power plant operations, and lineman training programs. These training programs provided professional as well as technical skills development at all levels of company operations.

A program with the local technical college was developed to provide

credits for courses taken by Santee Cooper employees. Four new electrical/electronics training courses were arranged, and several computer software courses were updated. A relay test panel, a training aid for relay maintenance personnel, was developed, and a formal training program for distribution linemen was implemented. Eight new lineman courses for transmission and distribution systems were organized, and a computer training lab for personal computer training programs was established. The supervisory management and the mechanical maintenance training programs were updated, and a basic instrumentation course for Production Operations was developed. Thirty-eight unit operators completed simulator training.

Two hundred employees completed college level and technical education courses through the tuition aid program.

SAFETY

Santee Cooper experienced a 33 percent reduction in total injuries in 1986, earning a fifth-place

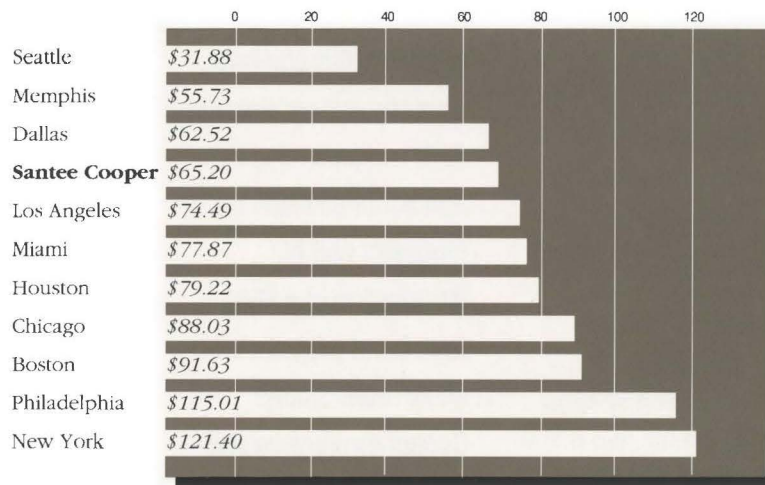
award from the American Public Power Association (APPA) for 2,992,275 man-hours worked with an incident rate of .73. The company competes annually with other APPA member utilities operating more than two million man-hours. Nineteen units earned safety awards from the National Safety Council, and 17 earned safety awards from the

South Carolina Occupational Safety Council. Grainger Generating Station, Darlington Area Transmission, and Orangeburg Area Transmission received Awards of Merit from Santee Cooper for completing 1986 without a recordable injury. The President's Safety Award, for crew and section safety while operating under hazardous condi-

tions without a disabling injury in 1986, was earned by 82 crews and sections. Safe Service Awards were presented to 137 employees, Safe Driving Awards to 134 drivers of company vehicles, and three employees joined various safety clubs that recognize workers who avoid injury by wearing protective devices or equipment. Six employees were recognized for outstanding leadership in units operating for 15 or more years without a disabling injury.

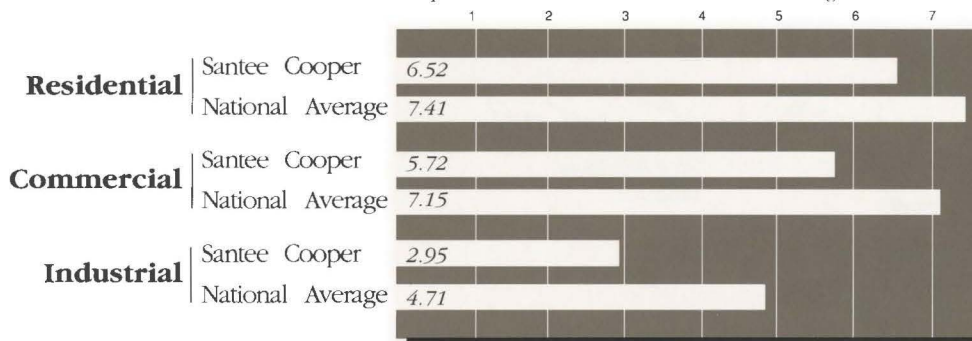
RATE COMPARISON FY 87

1000 KWH Residential (Average Cost)



RATES (CENTS/KWH)

Compared with utilities based on the National Average



CORPORATE FORECASTING, RATES, & STATISTICS

A new residential rate structure, including a standard residential rate and a discounted all-electric rate for year-round residential customers, went into effect November 1, 1986. The new rates more accurately reflect cost-of-service while producing the same revenues.

Also, Santee Cooper adapted the national residential Good Cents program which includes an

incentive rate for customers with all-electric, energy-efficient Good Cents homes.

A new 20-year load forecast was developed. It included an appliance saturation survey of Santee Cooper's residential customers and an industrial survey to determine their future electrical needs. The forecast will be used for planning purposes, including the need for future generation.

Santee Cooper won the American Public Power Association's National Energy Innovator Award for developing a software package called ELMA (Electric Load Data and Management Analysis) which provides flexible and comprehensive data management and analysis of load and end-use survey projects.

Santee Cooper began billing all municipal, cooperative, and large industrial customers on a calendar month basis. This process fits calendar month energy sales to monthly operation records which are used in cost-of-service studies and rate design.

MANAGEMENT INFORMATION SYSTEMS

Technical Support

Technical Support provided training, hardware installation, and software support for 200 users of Office Automation and provided the same services, in addition to data base management, for users of a new relational data base system.

More than 60 new personal computer workstations were added, and hardware, software, and training were provided for more than 140 users of mainframe-integrated personal computers. Technical Support also began publishing a monthly users' newsletter.

All operating system software on the two mainframe computers was upgraded to improve users' access to both computers. Telecommunications hardware and new software were installed to improve remote network management.

Systems and Programming

Systems and Programming completed a large variety of application pro-

Kenneth R. Ford

No rate increases during at least the next three fiscal years. The Finance Department will move toward accomplishing this major goal through upgrading and fine-tuning Santee Cooper's budgeting, forecasting, and financial planning systems. Employees will use totally integrated workstations to increase performance and efficiency through end-user computing. Preparations are underway for additional advance re-fundings, and the introduction of a \$500 mini-bond program will allow more Santee Cooper employees and customers to invest in the company.



Vice President,
Finance



jects. This included the areas of inventory control and accounting, materials control, property management, occupational health, retail outdoor lighting, and meter reading.

Other applications coordinated by Systems and Programming concerned meter testing, Rediversion Project correspondence, employee savings bond purchasing, and payroll tax reporting.

Also, the payroll, purchasing, and retail billing systems were upgraded.

Data Center

Peripheral equipment, including more disk storage and a new controller to improve communication with remote locations, was added to the mainframe computer system. High-speed long and short range modems were added to transmit data.

TREASURY

Two successful refunding bond issues occurred during the fiscal year.

The first refunding issue — the largest Electric System Expansion Revenue bond sale by Santee Cooper — was the 1986 Refunding Series C and D in the principal amount of \$335,630,000. This re-

sulted in present value savings of \$35,893,000 and gross savings of over \$99,662,000.

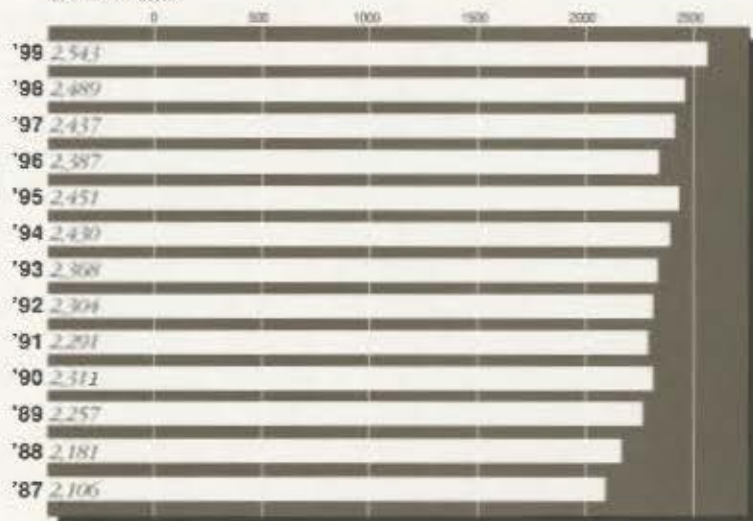
The second refunding issue was the 1987 Refunding Series A in the principal amount of \$192,660,000, which resulted in a present value savings of \$19,373,000 and a gross

savings of approximately \$53,883,000. This was one of the first refundings issued by a major entity to be sold by competitive bid, rather than by negotiation.

The two issues combined produce an average annual savings of approximately \$4.3 million.

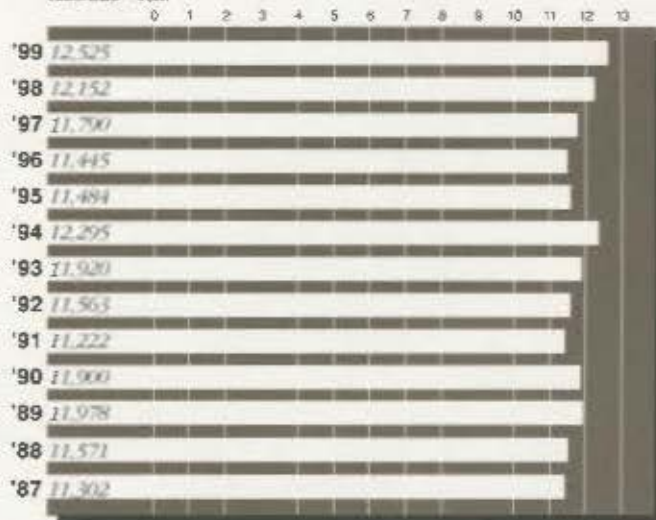
TOTAL PEAK DEMAND FORECAST (MW)

Calendar Year



TOTAL ENERGY FORECAST (GWH)

Calendar Year



Schedule of Bonds Outstanding

As of June 30, 1987
(In Thousands)

Maturity Date	1950 Issue		1957 Issue		1973 Refunding Issue		1973 Issue		1974 Issue		1977 Refunding Issue		1977 Issue		1978 Issue		1979A Issue		1980A Issue		1981A Issue		1981C Issue		1982A Issue		1982B Issue		1982 Refunding Issue		1985 Refunding Issue		
	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	
1987	2.70	300	4.10	685*	5.00	965*	5.20	1,185	6.00	1,250	4.90	3,120	4 1/2	490	4.80	1,070	5.55	1,065	8.90	875	7.80	680	10 3/4	785	10.00	1,465	10.00	655	7 1/4	435	6 1/4	435	
1988	2.70	310	4.10	715*	5.00	1,010	5.20	1,250	6.00	1,325	5.00	3,280	4.60	515	4.90	1,125	5.60	1,105	9.00	950	8.00	760	11.00	885	10 1/2	1,595	10 1/4	740	7 1/2	470	6 3/4	460	
1989	2.70	480	4.10	575*	5.00	1,060	5 1/8	1,315	6.10	1,405	5.10	3,450	4.70	540	5.00	1,200	5.70	1,150	9.10	1,035	8.15	845	11 1/4	965	11.00	1,735	10 1/2	835	7 3/4	505	7.00	490	
1990	2.70	1,900	4.10	420*			5 1/8	1,380	6.20	1,505	5.20	3,620	4.80	570	5.05	1,155	5 3/4	1,195	9.20	1,130	8.30	940	11 1/2	1,070	11 1/2	1,905	10 3/4	940	8.00	545	7 1/4	525	
1991	2.70	1,950	4.10	440*			5.30	1,455	6 1/4	1,590	5.30	3,830	4.90	590	5.10	1,220	5.85	1,240	9 1/4	1,235	8.45	1,050	11 3/4	1,185	11 3/4	2,105	11.00	1,060	8.20	585	7 1/2	565	
1992	2.70	2,005	4.10	455*			5.40	1,530	6.30	1,695	5.40	4,035	5.00	625	5.15	1,285	5.90	1,300	9.30	1,350	8.60	1,165					11 1/4	1,195	8.40	635	7 3/4	605	
1993	2.70	2,060	4.10	480*			5.40	1,615	6.30	1,795	5 1/2	4,260	5.10	660	5.20	1,355	5.95	1,360	9.40	1,475	8 3/4	1,295							8.60	690	8.00	650	
1994			4.10	2,605*			5 3/4	1,700*	6.40	1,910	5.60	4,480	5.20	720	5 1/4	1,440	6.00	1,425	9.45	1,615	8.90	1,435							8 3/4	750	8.20	705	
1995			4.10	2,720*			5 3/4	1,795*	6.40	2,035	5.65	4,710	5.30	785	5.30	1,515	6.05	1,490	9 1/2	1,765	9.00	1,600							9 3/8	815*	8.40	765	
1996			4.10	2,845*			5 3/4	1,900*	6.40	2,155	5.70	4,995	5.40	830	5.35	1,585	6.10	1,565	9.80	1,830*	9.15	1,775							9 3/8	890*	8.60	825	
1997			4.10	2,975*			5 3/4	2,010*	6 1/2	2,295	5.70	5,265	5.45	890	5.40	1,670	6.20	1,645	9.80	2,120*	9.30	1,970							9 3/8	975*	8.80	900	
1998			4.10	3,105*			5 3/4	2,125*	6 1/2	2,435	5 7/8	5,590*	5 1/2	935	5.40	1,760	6.30	1,725	9.80	2,330*	9 3/4	2,190*							9 3/8	1,070*	9.00	1,060	
1999			4.10	3,245*			5 3/4	2,245*	6 1/2	2,590	5 7/8	5,915*	5 1/2	1,005	5.70	1,850*	6.35	1,815	9.80	2,560*	9 3/4	2,430*							9 3/8	1,165*	9.05	1,160	
2000			4.10	3,395*			5 3/4	2,375*	6 3/4	2,750*	5 7/8	6,275*	5.55	1,065	5.70	1,940*	6.40	1,915	9.80	2,810*	9 3/4	2,700*							9 3/8	1,275*	9.10	1,150	
2001			4.10	3,545*			5 3/4	2,510*	6 3/4	2,920*	5 7/8	6,665*	5.60	1,130	5.70	2,045*	6.45	2,025	9.80	3,085*	9 3/4	2,995*							9 3/8	1,395*			
2002			4.10	3,705*			5 3/4	2,655*	6 3/4	3,110*	5 7/8	7,060*	5.60	1,220	5.70	2,145*	6 1/2	2,135	9.80	3,385*	9 3/4	3,000*							9 3/8	1,525*			
2003			4.10	3,870*			5 3/4	2,810*	6 3/4	3,295*	6.00	7,490*	5 3/4	1,295*	5.70	2,260*	6 1/2	2,260															
2004			4.10	4,045*			5 3/4	2,970*	6 3/4	3,505*	6.00	7,950*	5 3/4	1,380*	5.70	2,380*	6 3/4	2,390*															
2005			4.10	4,230*			5 3/4	3,140*	6 3/4	3,730*	6.00	8,450*	5 3/4	1,460*	5.70	2,500*	6 3/4	2,540*														9 3/8	5,000*
2006			4.10	4,420*			5 3/4	3,325*	6 3/4	3,950*	6.00	8,970*	5 3/4	1,570*	5.70	2,630*	6 3/4	2,695*															
2007							5 3/4	3,515*	6 3/4	4,205*	6.00	9,400*	5 3/4	1,795*	5.70	2,785*	6 3/4	2,865*															
2008							5 3/4	3,715*	6 3/4	4,470*	6.00	9,950*	5 3/4	1,945*	5.70	2,845*	6 3/4	3,010*															
2009							5 3/4	3,930*	6 3/4	4,745*	6.00	10,565*	5 3/4	2,080*	5 7/8	3,330*	6 3/4	3,160*															
2010							5 3/4	4,155*	6 3/4	5,045*	6.00	11,210*	5 3/4	2,225*	5 7/8	3,845*	6 3/4	3,335*															
2011							5 3/4	11,520*	6 3/4	5,350*	6.00	4,980*	5 3/4	2,180*	5 7/8	9,390*	6 7/8	3,525*															
2012							5 3/4	12,180*	6 3/4	5,695*	6.00	5,315*	5 3/4	2,300*	5 7/8	9,980*	6 7/8	3,720*															
2013							5 3/4	12,880*	6 3/4	6,045*	6.00	5,625*	5 3/4	2,500*	5 7/8	10,590*	6 7/8	3,925*															
2014									6 3/4	20,045*	6.00	6,010*	5 3/4	2,640*	5 7/8	11,250*	6 7/8	4,140*															
2015											6.00	9,515*	5 3/4	21,065*	5 7/8	11,950*	6 7/8	4,370*															
2016											6.00	11,285*	5 3/4	21,235*	5 7/8	12,555*	6 7/8	4,610*															
2017													5 3/4	34,580*	5 7/8	13,190*	6 7/8	4,870*															
2018															5 7/8	50,600*	6 7/8	5,135*															
2019																	6 7/8	25,550*															
2020																																	
2021																																	
2022																																	
Total																																	
Outstanding	9,005		48,475		3,035		93,185		102,845		193,255		112,820		196,040		106,255		29,650		31,830		4,870		8,805		5,425		13,725		15,295		
Bonds Redeemed to 6-30-87	6,295		3,125		9,015		6,815		6,155		21,895		2,180		3,960		3,745		2,625		1,170		710		1,375		565		0		410		
Bonds Refunded to 6-30-87	0		0		0		0		0		0		0		0		0		42,725		42,000		144,420		154,820		159,010		280,275		160,510		
Original Issue	15,300		51,600		12,050		100,000		109,000		215,150		115,000		200,000		110,000		75,000		75,000		150,000		165,000		165,000		294,000		176,215		

* Term Bonds

See Schedule of Refunded Bonds following.

Schedule of Refunded Bonds

As of June 30, 1987
(In Thousands)

1985 Issue		1985A Refunding Issue		1985A&B Refunding Issue		1986C & D Refunding Issue		1987A Refunding Issue		Total Principal Maturities	Accruing Interest	Total Debt Service
Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.			
6 1/4	13,500	5 1/4	320					3 1/4	715	29,995	144,449	174,444
6 1/4	13,500	6 1/4	335			4 1/2	760	3 3/4	785	31,855	136,385	168,240
7.10	13,500	6 1/4	360			5.00	795	4.30	805	33,045	134,299	167,344
7.40	13,500	7.00	380			5 1/4	830	4.60	850	34,360	132,047	166,407
7.70	13,500	7 1/4	410	6 1/4	1,890	5.40	875	4.80	880	37,655	129,655	167,310
8.00	13,500	7 1/2	440	7.00	5,665	5.60	925	5.00	930	39,340	126,959	166,299
8.20	13,500	7 3/4	470	7.15	7,380	5.80	975	5.90	975	40,995	124,236	165,231
8.40	13,500	8.00	510	7.30	7,890	6.00	1,030	5.90	1,025	42,740	121,393	164,133
8.70	13,500	8.20	2,425	7.40	6,580	6.20	1,085	5.90	1,080	44,675	118,340	163,015
		8.40	2,030	7 1/2	7,645	6.40	1,160	5.90	1,140	33,270	115,072	148,342
		8.60	2,390	7.60	7,995	6.60	1,235	6.00	1,205	35,540	112,807	148,347
		8.70	4,980	7.70	5,925	6.70	1,320	6.10	1,280	37,830	110,351	148,181
		8 1/4	5,405	7.80	6,365	6.80	1,400	6 1/4	1,350	40,500	107,666	148,166
				7.80	13,200	6.90	1,505	6.40	1,435	43,790	104,761	148,551
		9.00	11,020*	7.90	835	7.00	1,605	6 1/2	2,875	44,650	101,651	146,301
		9.00	6,090*	7.90	900	7.05	1,715	6 1/2	4,280	47,915	98,380	146,295
		9.00	15,390*	8.00	4,695	7.10	3,510	6.60	4,575	51,450	94,849	146,299
				8.00	5,070	7.10	4,920	6 3/4	20,390	55,000	91,195	146,195
				8.00	5,475	7.10	5,265	6 3/4	16,795	58,585	87,637	146,222
				8.00	5,910	7.20	5,625	6 3/4	2,350	41,445	83,712	125,157
				8.10	6,390	7.20	6,000	6 3/4	2,525	44,080	81,077	125,157
				8.10	6,905	7.00	6,415*	6 1/2	2,715*	46,970	78,189	125,159
				8.00	7,465*	7.00	6,850*	6 1/2	2,925*	50,050	75,120	125,170
				8.00	8,060*	7.00	7,310*	6 1/4	3,140*	53,325	71,839	125,164
				8.00	10,480*	7.00	8,025*	6 1/2	3,380*	56,830	68,338	125,168
				8.00	11,315*	7.00	6,430*	6 1/2	3,625*	60,560	64,604	125,164
				8.00	12,230*	7.30	6,870*	6.90	3,880*	64,545	60,621	125,166
		9.20	6,745*	8.00	2,095*	7.30	7,915*	6.90	4,150*	64,990	56,352	121,342
		9.20	7,700*	8.00	2,260*	7.30	8,145*	6.90	4,485*	69,470	51,889	121,359
				8.00	2,445*	7.30	20,430*	6.90	4,785*	77,345	47,312	124,657
				8.00	2,625*	7.30	21,875*	6.90	5,160*	82,300	42,342	124,642
				8.00	2,850*	7.30	23,425*	6.90	5,575*	87,585	37,081	124,666
		9.20	29,520*	8.00	3,740*	7.30	25,080*	6.90	6,030*	89,920	31,433	121,353
		9.20	39,725*	7.00	23,675*	7.30	27,005*	6.90	6,520*	96,925	24,414	121,339
		9.20	41,200*			7.30	56,985*	6.90	7,040*	105,225	16,681	121,906
						6 1/2	62,325*	7.00	61,025*	123,350	8,245	131,595
121,500		177,845		195,955		335,630		192,660		1,998,105	3,091,381	5,089,486
13,500		0		0		0		0		83,540		
0		0		0		0		0		983,760		
135,000		177,845		195,955		335,630		192,660		3,065,405		

Series Call Date Original Maturity Date	1980 Issue July 1, 1990	1981A Issue July 1, 1991	1981B Issue July 1, 1991	1981C Issue July 1, 1991	1982A Issue July 1, 1991	1982B Issue July 1, 1992	1982 Ref. Issue July 1, 1992	1985 Ref. Issue July 1, 1995
	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.
1987								
1988								
1989								
1990								
1991								
1992				12.00	1,315	12.00	2,335	
1993				12 1/4	1,470	12.30	2,590	11.60 1,345
1994				12 1/2	1,635	12.60	2,895	11.90 1,515
1995			11.00	3,090			12.10	1,815
1996			11.10	4,000			12.20	2,040
1997			11.20	4,220			12.30	2,295
1998			11.30	4,590				
1999			11.40	5,090				
2000			11 1/2	12,010				
2001					13 1/4	20,000*		
2002								
2003					13 1/4	20,000*		
2004								
2005							12 1/4	40,000*
2006								
2007								
2008								
2009								
2010	10 1/4	42,725*						
2011								
2012							9.60	37,235*
2013			9 1/4	28,000*				
2014								
2015					10.00	20,000*		
2016								
2017								
2018								
2019								
2020		10 1/4	42,000*	12.00	89,000*			
2021				10 1/2	50,000*	13 1/4	100,000*	
2022						14 1/4	127,000*	13.00 110,000* 9.70 243,040* 9 1/2 160,510*
Totals								
Per Series	42,725	42,000	200,000	144,420	154,820	159,010	280,275	160,510

*Term Bonds

APPLICATIONS OF REVENUE

Years Ended June 30, 1987 and 1986

	1987	1986
Total Operating Revenues	\$ 480,059,055	\$ 455,000,175
Operating Expenses:		
Operation		
Production	204,600,163	195,057,706
Purchased and Interchanged Power — Net	2,698,075	(213,379)
Transmission	1,821,495	1,991,478
Distribution	2,300,421	2,158,299
Customer Accounts	(172,250)	1,849,974
Sales	317,427	283,845
Administrative and General	28,692,720	25,231,152
Maintenance	33,388,056	34,596,425
Total Operation and Maintenance Expenses	273,646,107	260,955,500
Sums in Lieu of Taxes	2,389,663	2,176,137
Total Operating Expenses	276,035,770	263,131,637
Net Operating Revenues	204,023,285	191,868,538
Other Income	24,996,744	26,687,030
Revenue Available for Debt Service and Other Purposes	229,020,029	218,555,568
Total Debt Service	154,236,930	150,910,358
Lease Payments to Central	5,465,308	5,466,375
Principal and Interest on Other Obligations	25,038,097	23,759,265
Balance after Debt Service, Lease Payments, and Other Obligations	44,279,694	38,419,570
Payments to the State of South Carolina	2,003,036	1,900,012
Payment to the Special Reserve Fund — net	1,459,116	1,392,865
Mandatory 8% Allocation for Capital Improvements	26,761,366	26,057,714
Revenue Available for Operating Requirements	\$ 14,056,176	\$ 9,068,979

(1) This summary has been prepared from the financial statements and other data of the Authority and has not been examined by the independent auditors. This summary presents the net revenues available to the Revenue Fund for purposes such as providing for increases in working capital requirements. It differs from the Statement of Reinvested Earnings in that it represents cash transactions on debt service and, accordingly, excludes non-cash items such as depreciation, allowance for funds used during construction and amortization of debt discount and expense.

Financial Statements

South Carolina
Public Service Authority

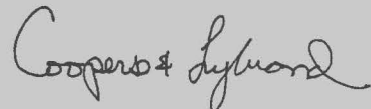
Fiscal Year 1987

*Report of
Independent Certified
Public Accountants*

The Advisory Board
and Board of Directors
South Carolina Public
Service Authority
Columbia, South Carolina

We have examined the balance sheets of the South Carolina Public Service Authority as of June 30, 1987 and 1986, and the related statements of reinvested earnings, accumulated earnings reinvested in the business, and changes in financial position for each of the three years in the period ended June 30, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the South Carolina Public Service Authority as of June 30, 1987 and 1986, and the results of its operations and changes in its financial position for each of the three years in the period ended June 30, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

A handwritten signature in cursive script, appearing to read "Coopers & Lybrand", is written over the printed name of the firm.

Coopers & Lybrand
Columbia, South Carolina
August 28, 1987

Balance Sheets

South Carolina Public Service Authority
June 30, 1987 and 1986

Assets	1987	1986
	(Thousands)	
Utility Plant — At Cost:		
Electric plant in service	\$ 2,050,086	\$ 2,018,545
Construction work in progress	72,415	57,232
Total	2,122,501	2,075,777
Less accumulated depreciation	415,187	352,252
Electric plant — net	1,707,314	1,723,525
Nuclear fuel — net	20,534	22,366
Utility plant — net	1,727,848	1,745,891
Other Physical Property (Net of Accumulated Depreciation)	379	390
Cash and Investments Held by Trustee	345,828	335,364
Current Assets:		
Cash and investments held by trustee	34,775	33,125
Accounts receivable, less allowance for doubtful accounts of \$844,000 in 1987 and \$3,619,000 in 1986	53,899	51,967
Accrued interest receivable	3,961	1,683
Inventories, at average cost:		
Fuel (coal and oil)	29,762	41,100
Materials and supplies	6,142	5,911
Prepaid expenses	2,440	2,024
Total current assets	130,979	135,810
Deferred Debits:		
Unamortized debt expense	18,676	22,045
Unamortized loss on refunded debt	230,137	154,666
Costs to be recovered from future revenue	197,347	168,426
Other	3,296	2,727
Total deferred debits	449,456	347,864
 Total	 \$ 2,654,490	 \$ 2,565,319

The accompanying notes are an integral part of the financial statements.

Liabilities and Capitalization	1987	1986
	(Thousands)	
Long-Term Debt:		
Priority Obligations	\$ 60,515	\$ 62,385
Electric System Expansion Revenue Bonds	1,816,090	1,740,845
Subtotal	1,876,605	1,803,230
Electric Revenue Bonds	121,500	135,000
Capitalized lease obligations	71,755	74,538
Other	0	543
Total long-term debt	2,069,860	2,013,311
Less:		
Reacquired debt	2,220	2,880
Unamortized debt discount and premium — net	27,271	18,387
Long-term debt — net	2,040,369	1,992,044
Accrued Interest on Long-Term Debt	71,113	71,819
Construction Fund Liabilities — Accounts Payable	1,737	6,632
Other Non-current Liabilities	6,303	4,410
Current Liabilities:		
Commercial paper	50,000	50,000
Accounts payable	28,695	22,819
Customer deposits	4,690	4,435
Accrued sums in lieu of taxes	1,146	1,076
Other	7,212	6,935
Total current liabilities	91,743	85,265
Commitments and Contingencies		
Deferred Credits:		
Unamortized gain on reacquired debt	406	833
Nuclear fuel settlement	16,344	16,128
Total deferred credits	16,750	16,961
Capital Contributions — U.S. Government Grants	34,438	34,438
Accumulated Earnings Reinvested in the Business	392,037	353,750
Total	\$ 2,654,490	\$ 2,565,319

Statements of Accumulated Earnings Reinvested in the Business

South Carolina Public Service Authority
Years Ended June 30, 1987, 1986 and 1985

	1987	1986	1985
	(Thousands)		
Accumulated earnings reinvested in the business — beginning of year	\$ 353,750	\$ 325,545	\$ 281,297
Reinvested earnings for the year	40,290	30,106	45,948
Total	394,040	355,651	327,245
Distribution to the State of South Carolina (See note below)	2,003	1,901	1,700
Accumulated earnings reinvested in the business — end of year	\$ 392,037	\$ 353,750	\$ 325,545

Note: The distribution to the State of South Carolina is determined utilizing a calculation formula required under the Indenture which is based essentially on operating cash flow and mandatory reserve requirements. Such calculation varies substantially from reinvested earnings for the year principally due to costs to be recovered from future revenue and working capital requirements.

The accompanying notes are an integral part of the financial statements.

Statements of Reinvested Earnings

South Carolina Public Service Authority
Years Ended June 30, 1987, 1986 and 1985

	1987	1986	1985
	(Thousands)		
Operating Revenues:			
Sales of electricity	\$ 475,425	\$ 451,537	\$ 428,361
Other operating revenues	4,634	3,463	2,261
Total operating revenues	480,059	455,000	430,622
Operating Expenses:			
Operation expense:			
Production	204,600	195,058	203,383
Purchased and interchanged power — net	2,698	(213)	(4,371)
Transmission	1,821	1,991	1,842
Distribution	2,300	2,158	1,665
Customer accounts	(172)	1,850	1,826
Sales	318	284	162
Administrative and general	28,693	25,231	23,533
Maintenance expense	33,388	34,596	31,193
Total operation and maintenance expense	273,646	260,955	259,233
Depreciation	65,033	63,764	61,640
Sums in lieu of taxes	2,390	2,176	1,920
Total operating expenses	341,069	326,895	322,793
Operating Income	138,990	128,105	107,829
Other Income:			
Interest income:			
Other funds	25,178	26,833	26,059
Borrowed funds	284	5,459	16,583
Other income (expense) — net	(181)	(146)	(125)
Total other income	25,281	32,146	42,517
Subtotal	164,271	160,251	150,346
Interest Charges:			
Interest on long-term debt	144,190	150,224	159,634
Other	9,030	5,983	8,205
Total interest charges	153,220	156,207	167,839
Subtotal	11,051	4,044	(17,493)
Costs to be recovered from future revenue	28,921	27,863	67,207
Other deductions — net	(318)	1,801	3,766
Reinvested Earnings	\$ 40,290	\$ 30,106	\$ 45,948

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Financial Position

South Carolina Public Service Authority
Years Ended June 30, 1987, 1986 and 1985

	1987	1986	1985
	(Thousands)		
Funds Provided By:			
Operations:			
Reinvested earnings	\$ 40,290	\$ 30,106	\$ 45,948
Charges (credits) to reinvested earnings not providing or requiring funds:			
Depreciation	65,033	63,764	61,640
Amortization of debt discount and expense	2,408	2,281	2,483
Amortization of gain or loss on reacquired debt — net	4,061	1,228	(146)
Costs to be recovered from future revenue	(28,921)	(27,863)	(67,207)
Total from operations	82,871	69,516	42,718
Sale of bonds/notes	528,290	195,955	489,060
Nuclear fuel settlement	217	173	479
Increase (decrease) other - net	1,984	(1,370)	21
Total funds provided	613,362	264,274	532,278
Funds Applied To:			
Increase in utility plant	46,978	35,857	56,256
Retirement of long-term debt	468,958	177,475	493,268
Increase (decrease) in cash and investments	10,465	41,779	(112,494)
Decrease (increase) in interest on long-term debt	705	(8,167)	10,529
Increase (decrease) in unamortized debt discount and expense	7,924	50	(1,770)
Decrease in construction fund liabilities	4,895	7,606	4,051
Principal payments — capitalized lease obligations	2,784	2,716	2,645
Distribution to the State of South Carolina	2,003	1,901	1,700
Increase in unamortized loss on refunded debt	79,959	28,237	56,460
Total funds applied	624,671	289,454	510,645
Increase (Decrease) in Working Capital	\$ (11,309)	\$ (25,180)	\$ 21,633
Increase (Decrease) in Working Capital by Component:			
Cash and investments held by trustee	\$ 1,650	\$ (2,563)	\$ 9,740
Accounts receivable, less allowance for doubtful accounts	1,932	11,877	9,908
Accrued interest receivable	2,278	(1,190)	372
Inventories	(11,107)	(9,993)	9,050
Other current assets	416	617	(193)
Accounts payable	(5,876)	5,393	(6,201)
Customer deposits	(255)	(735)	(809)
Accrued sums in lieu of taxes	(70)	(57)	(154)
Commercial paper	—	(25,000)	—
Other current liabilities	(277)	(3,529)	(80)
Increase (Decrease) in Working Capital	\$ (11,309)	\$ (25,180)	\$ 21,633

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

June 30, 1987

Note 1 — Summary of Significant Accounting Policies:

A — System of Accounts — The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

B — Utility Plant Capitalization and Maintenance — Additions to plant are recorded at cost, which includes material, labor, overhead, and interest capitalized during construction. The costs of repairs and minor replacements are charged to appropriate operating and maintenance expense. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

C — Depreciation — Depreciation is computed on a straight line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percent of average depreciable utility plant in service, was approximately 3.3% for each of the three years in the period ended June 30, 1987.

D — Revenue Recognition — Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues from retail customers are recognized on a monthly cycle basis. Fuel costs are reflected in operating expenses as consumed.

E — Capitalization of Interest During Construction — Interest capitalized during construction is the net cost of borrowed funds used during construction.

F — Amortization — Unamortized debt discount, premium and expense are amortized to income over the terms of the related debt issues. Unamortized gains or losses on refunded debt are amortized to income as impacted through the rate-making process, generally over the terms of the new debt issues.

Note 2 — Costs to be Recovered from Future Revenue:

The Authority has fully adopted the provisions of Financial Accounting Standards Board Statement No. 71 (SFAS No. 71), which prescribes the accounting principles to be followed by entities subject to certain types of regulation. The most significant impact on the Authority was to recognize timing differences between costs as defined in the rate-making process and costs determined in accordance with generally accepted accounting principles. The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation.

This results in timing differences recognized as costs to be recovered from future revenue. The components of cost to be recovered from future revenue follows:

	1987	1986	1985
	(Thousands)		
Costs to be recovered from future revenue:			
Excess of depreciation over debt service . .	\$ 28,921	\$ 27,863	\$ 41,159
Funded interest costs after in-service date.	—	—	26,048
Total	\$28,921	\$27,863	\$67,207

Note 3 — Cash and Investments held by Trustee:

Unexpended funds from the sale of expansion bonds, debt service funds, other special funds and cash and securities are held and maintained by trustees and their use restricted in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities carried at amortized cost.

CASH — The carrying amount of the Authority's deposits were \$100,211,000 and \$103,605,000 at June 30, 1987 and 1986, respectively. Bank balances were \$26,181,000 and \$17,449,000 at June 30, 1987 and 1986, respectively. Bank balances are covered by federal depository insurance or by collateral held in the pledging bank's trust department. The Authority's deposits included \$90,327,000 at June 30, 1987 and \$91,018,000 at June 30, 1986 for bond principal and interest payments due on July 1, 1987 and 1986, respectively, and may exceed federal depository insurance limits.

INVESTMENTS — Trust indentures and resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, and certificates of deposit. The Authority's investments consist solely of U.S. Government securities and certificates of deposit. The market value of all investments exceeded the carrying value by approximately \$5,000,000 and \$10,000,000 at June 30, 1987 and 1986, respectively.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes only U. S. Government securities which are registered and held by trust agents in their name. Category 2 includes insured certificates of deposit which are held by trust agents in the Authority's name.

	1987				1986			
	INVESTMENTS				INVESTMENTS			
	CATEGORY	CATEGORY			CATEGORY	CATEGORY		
	1	2	CASH	TOTAL	1	2	CASH	TOTAL
	(Thousands)							
Unexpended Funds								
1982B Bonds (Cross '84)	\$	\$	\$	\$	\$ 18,720	\$	\$ (167)	\$ 18,553
General Improve- ment Funds	74,682	700	689	76,071	45,021		19	45,040
Debt Service and Special Indentured Bonds								
Interest Fund			1,191	1,191			1,232	1,232
Bond Fund			1,957	1,957			1,877	1,877
Debt Service	8,806		1	8,807	8,814		3	8,817
Expansion Bonds								
Interest Fund			14,545	14,545			12,260	12,260
Bond Fund			65,078	65,078			65,331	65,331
Debt Service	136,025		47	136,072	135,634		5,778	141,412
Subordinated Bonds								
Interest Fund			13,500	13,500			13,500	13,500
Bond Fund			4,624	4,624			5,029	5,029
Debt Service	2,023	2,975	47	5,045	5,027		5	5,032
Other Special Funds	23,555		(4,617)	18,938	20,267		(2,986)	17,281
Total	\$245,091	\$3,675	\$ 97,062	\$345,828	\$233,483	\$0	\$101,881	\$335,364
Revenue Fund	\$ 25,522	\$	\$ 3,148	\$ 28,670	\$ 26,771	\$	\$ 1,717	\$ 28,488
Special Reserve Fund	6,104		1	6,105	4,630		7	4,637
Total	\$ 31,626	\$ 0	\$ 3,149	\$ 34,775	\$ 31,401	\$0	\$ 1,724	\$ 33,125

Note 4 — Summer Nuclear Station:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interest of 33⅓% and 66⅔%, respectively. SCE&G is solely responsible for the operation, maintenance, and decommissioning of the Summer Nuclear Station, and the Authority is obligated to pay its ownership share of all costs relating thereto. At June 30, 1987 and 1986, the plant accounts included approximately \$426,070,000 and \$425,980,000, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station.

Nuclear fuel costs are being amortized based on energy expended which includes a component for estimated disposal costs of spent nuclear fuel. These amortizations are included in fuel expense and are recovered through the Authority's rates. Decommissioning costs (costs to take the plant out of service in the future) for the Summer Nuclear Station are estimated to be \$314 million, for the Authority's ⅓ ownership, based on a 30 year useful life with decommissioning expected to commence in the year 2013. The Authority accrues for its share of

the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates. The estimated decommissioning costs are periodically reviewed and adjustments recorded as appropriate.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of the contract provisions, and a final settlement was reached and approved by all parties in April 1980. By terms of the order approving the settlement, the court imposed confidentiality upon the details of the settlement. The Authority has received approximately \$10,243,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of some uranium, long-term deliveries of equipment and services (including conversion and fuel fabrication) at a discount.

Amounts received due to the breach of contract have been included in deferred credits and will be applied as a reduction of uranium fuel costs. This is consistent with SCE&G's treatment pursuant to an order from the South Carolina Public Service Commission. The cost of nuclear fuel purchased has been reduced by approximately \$4,000,000.

Note 5 — Long-Term Debt Outstanding:

	June 30	
	1987	1986
	(Thousands)	
Priority Obligations:		
Electric Revenue Bonds, Series of 1950, bearing interest at 2.70% and due 1987 to 1993	\$ 9,005	\$ 9,295
Electric Revenue Bonds, Series of 1967, bearing interest at 4.10% and due 1987 and 2006	48,475	49,135
Electric Revenue Bonds, Refunding Series of 1973, bearing interest at 5% and due 1987 to 1989	3,035	3,955
Total Priority Obligations	60,515	62,385
Electric System Expansion Revenue Bonds:		
1973 Series, bearing interest from 5.20% to 5.75% and due 1987 to 1993 and 2013	93,185	94,315
1974 Series, bearing interest from 6% to 6.75% and due 1987 to 1999 and 2014	102,845	104,015
1977 Refunding Series, bearing interest from 4.90% to 6% and due 1987 to 1997 and 2002 and 2016	193,255	196,230
1977 Series, bearing interest from 4.50% to 5.75% and due 1987 to 2002 and 2017	112,820	113,290
1978 Series, bearing interest from 4.80% to 5.875% and due 1987 to 1998 and 2008 and 2018	196,040	197,055
1979 Series A, bearing interest from 5.55% to 6.875% and due 1987 to 2003 and 2009 and 2019	106,255	107,280
* 1980 Series A, bearing interest from 8.90% to 9.80% and due 1987 to 1995 and 2002	29,650	30,450
* 1981 Series A, bearing interest from 7.80% to 9.75% and due 1987 to 1997 and 2002	31,830	32,445
* 1981 Series C, bearing interest from 10.75% to 11.75% and due 1987 to 1991	4,870	5,580
* 1982 Series A, bearing interest from 10% to 11.75% and due 1987 to 1991	8,805	10,180
* 1982 Series B, bearing interest from 10% to 11.25% and due 1987 to 1992	5,425	5,990
* 1982 Refunding Series, bearing interest from 7.25% to 9.375% and due 1987 to 1994 and 2002	13,725	294,000
* 1985 Refunding Series, bearing interest from 6.25% to 9.375% and due 1987 to 2000 and 2005	15,295	176,215
1985A Refunding Series, bearing interest from 5.75% to 9.20% and due 1987 to 1999 and 2003 and 2021	177,845	177,845
1986 A&B Refunding Series, bearing interest from 6.75% to 8.10% and due 1991 to 2008 and 2019 and 2020	195,955	195,955
1986 C&D Refunding Series, bearing interest from 4.50% to 7.30% and due 1988 to 2007 and 2012 and 2021 and 2022	335,630	—
1987 A Refunding Series, bearing interest from 3.25% to 7% and due 1987 to 2007 and 2012 and 2021 and 2022	192,660	—
Total Electric System Expansion Revenue Bonds	1,816,090	1,740,845
Electric Revenue Bonds, 1985 Series, bearing interest from 6.25% to 8.70% and due 1987 to 1995	121,500	135,000
Capitalized Subordinated Lease Contracts, payable 1987 to 2015	71,755	74,538
Other	—	543
Total Long-Term Debt	\$2,069,860	\$2,013,311

*See schedule below for refunded debt.

The Authority refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future electric rate adjustments. In fiscal year 1987, the Authority issued \$528 million in Electric System Expansion Bonds to advance refund certain maturities of the 1982 and 1985 Refunding Series Bonds (the original bonds) aggregating \$441 million. The new bonds bear an average interest rate of approximately 6.9%. The original bonds averaged approximately 9.6%. The net proceeds of the bonds, \$509 million (after payment of \$5.8 million and \$10.2 million in underwriting fees and original issue discount) plus an additional \$3.8 million were used to purchase U.S. Government securities. In fiscal year 1986, the Authority issued \$196 million in Electric System Expansion Bonds to advance refund certain maturities of the 1980, 1981, and 1982 (the original bonds) aggregating \$167 million. The new bonds bear an average interest rate of approximately 7.9%. The original bonds averaged

approximately 10.5%. The net proceeds of the bonds, \$189 million (after \$2.9 million payment of \$4.1 million in underwriting fees and original issue discount) plus an additional \$2.9 million were used to purchase U.S. Government securities. The securities have been placed in an irrevocable trust to provide for all future debt service payments on the original bonds. As a result, the original bonds are considered defeased and the liability for those bonds has been removed from the Authority's accounts.

Although the advance refunding resulted in an accounting loss of approximately \$81 million and \$28 million in 1987 and 1986, respectively, the Authority was able to reduce its total debt service over the next 36 years by approximately \$164 million in 1987 and \$28 million in 1986 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of approximately \$56 million in 1987 and \$14 million in 1986.

Amounts outstanding, original loss on refunding, and the unamortized loss at June 30, 1987 follows:

Refunding Issue	Refunded Bonds	Refunded Amount Outstanding	Original Loss	Unamortized Loss
(Thousands)				
1977 Refunding	1971 and 1976 Series	\$ 0	\$ 11,244	\$ 7,423
1985A Refunding	\$139,000 of the 1981 Series B and \$ 40,000 of the 1982 Series C	179,000	27,853	24,880
Cash Defeasance	\$ 20,000 of the 1982 Series A	20,000	2,763	2,579
1986 A&B Refunding	\$ 42,725 of the 1980 Series A \$ 42,000 of the 1981 Series A \$ 61,000 of the 1981 Series B \$ 4,420 of the 1981 Series C \$ 7,820 of the 1982 Series A \$ 9,010 of the 1982 Series B	166,975	28,812	29,402
1986 C&D Refunding	1982 Refunding Series (\$100,000 of the 1981 Series C and \$127,000 of the 1982 Series A)	507,365	110,372	109,524
1987A Refunding	1985 Refunding Series (\$150,000 of the 1982 Series B)	310,510	60,029	56,529
Total		\$ 1,183,850	\$ 241,073	\$ 230,137

The Authority's bond indentures provide for certain restrictions, the most significant of which are: The Authority covenants to establish rates and charges adequate to provide revenues sufficient, among other things, to pay debt service when due on the priority obligations and expansion bonds, to make required payments when due into the lease fund and the capital improvement fund, and to pay the costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements, and renewals thereof.

The Authority is presently required to pay annually into its capital improvement fund an amount which, together with the amounts deposited therein in the two preceding fiscal years, is at least equal to 8% of the Authority's gross revenues (as defined) in the three preceding fiscal years. The Authority may issue

additional parity expansion bonds if, among other things, the Authority's Consulting Engineer certifies that net revenues (as defined) in each succeeding fiscal year after the date on which such additional bonds are sold to and including the later of (a) the third succeeding full fiscal year after such date or (b) the first full fiscal year after the estimated date of commercial operation of any power plant to pay the cost of construction of which additional expansion bonds have been, are being, or are then authorized to be issued, shall be at least equal to the sum of the amounts required in such fiscal year for (i) debt service on the priority obligations and the expansion bonds then outstanding, being issued, or authorized but not yet issued, (ii) payments into the lease fund, and (iii) payments into the capital improvement fund.

Maturities of electric revenue bonds, priority obligations and expansion bonds during the years ending June 30, 1988 through 1992, are as follows:

	Electric Revenue Bonds	Priority Obligations & Expansion Bonds	Total
	(Thousands)		
June 30, 1988	\$ 13,500	\$ 16,495	\$ 29,995
June 30, 1989	13,500	18,355	31,855
June 30, 1990	13,500	19,545	33,045
June 30, 1991	13,500	20,860	34,360
June 30, 1992	13,500	24,155	37,655
Total	\$ 67,500	\$ 99,410	\$ 166,910

Note 6 — Commercial Paper:

The Board of Directors authorized the issuance of commercial paper not to exceed \$50,000,000. The paper will be issued for valid corporate purposes with a term not to exceed 270 days at an annual interest rate not to exceed 9.5%. As of June 30, 1987 and 1986, the effective interest rate on outstanding borrowings was 4.47% and 4.17%, respectively. During 1987 and 1986 the average effective interest rate was 4.18% and 4.72%, the average amount outstanding was \$50,000,000 and \$43,829,000 and the average maturity was 44 and 43 days, respectively.

At June 30, 1987, the Authority had a Revolving Credit Agreement with various lenders of \$50,000,000. This Agreement is used to support the Authority's issuance of commercial paper. Under the Agreement the Authority is required to pay a fee equal to 1/8 of 1% on the total line of credit, plus 1/8 of 1% on the average principal amount of the paper outstanding. No loans were outstanding under the Agreement at June 30, 1987.

Note 7 — Contracts with Central Electric Power Cooperative, Inc.:

The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering a steam electric generating plant, transmission facilities, and various other facilities. The lease terms range from eight to twenty-eight years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the above mentioned facilities. The Authority has an option to purchase the leased properties at any time during the period of the lease agreement for a sum equal to Central's indebtedness remaining outstanding on the property involved at the time the option is exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases. Power supply and transmission services are provided to Central in accordance with the Power System Coordination and Integration Agreement dated January 19, 1981. This agreement also provides that each party will have an option to share ownership of future generating facilities to be constructed by the other. Central has advised the Authority that it will exercise its option to own 45% of the second unit at Cross and the

Pee Dee generating station subject to obtaining financing guaranteed by REA.

Future minimum lease payments on Central leases, at June 30, 1987, were:

Years ending June 30:	Amount
(Thousands)	
1988	\$ 5,402
1989	5,345
1990	5,258
1991	5,258
1992	5,258
Thereafter	80,436
Total minimum lease payments	106,957
Less, amounts representing interest	35,202
Balance at June 30, 1987	\$ 71,755

Note 8 — Commitments and Contingencies:

Based on a May 1985 load forecast, the Board deferred indefinitely the construction of the second unit at the Cross Generating Station. In conjunction with this deferral, \$3,766,000 of contract cancellation charges were incurred and charged to reinvested earnings for 1985.

During 1982, FERC notified the Authority that the Pinopolis West Dam and the North Santee Dam, which form a part of the Authority's electric utility system, possessed marginal seismic stability under applicable design earthquake criteria. FERC indicated that remedial measures should be undertaken by the Authority to provide an increased level of seismic stability. The Authority engaged an engineering firm to perform studies and planning to determine the extent and cost of work necessary to correct the design weaknesses. The initial engineering study has been completed and submitted to FERC for its review.

Until FERC has completed its review on the proposed modifications to the Pinopolis West Dam and the proposed remedial measures to be undertaken by the Authority on the North Santee Dam, it is not possible to estimate the extent of work necessary to correct the design weaknesses. Based on the facts as they currently exist, management believes that any cost incurred by the Authority related to the dams would not materially affect the financial position of the Authority.

Note 9 — Retirement Plan:

Substantially all Authority full-time employees participate in the South Carolina Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the system for the years ended June 30, 1987, 1986 and 1985 was \$42,484,000, \$38,898,000 and \$35,675,000, respectively.

Employees who retire at or after age 65 or have 30 years of service are entitled to a retirement benefit, payable monthly for life equal to 1.25 percent of the first \$4,800 of their final average salary and 1.65 percent of the final average amount in excess of \$4,800. Final average salary is the employee's average salary over the twelve highest consecutive quarters. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after 60 and receive reduced retirement

benefits. The System also provides death and disability benefits. Benefits are established by State statute.

Employees are required by State statute to contribute 4 percent of the first \$4,800 salary and 6 percent of salary greater than \$4,800. The Authority is required by the same statute to contribute 7 percent of total payroll. The contribution requirement for the years ended June 30, 1987, 1986, and 1985 was \$3,098,000, \$2,837,000 and \$2,602,000 from the Authority and \$2,386,000, \$2,178,000 and \$1,993,000 from employees.

An actuarial valuation is performed for the System annually. At the most recent valuation date, June 30, 1986, the present value of prospective benefits payable for retired and active members was approximately \$8.1 billion and exceeded the amortized cost of assets of the System by approximately \$3.9 billion. The present value of prospective benefits payable is a measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is an actuarial present value of credited benefits, is intended to help users assess the System funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The System does not make separate measurements of assets and benefits payable for individual employers. The Authorities 1987 contribution represented approximately two percent of the total contribution to the System.

Note 10 — Major Customers:

Sales to the Authority's two major customers for the years ended June 30, were:

	1987	1986	1985
	(Thousands)		
Central Electric Power Cooperative, Inc.	\$ 207,000	\$ 193,000	\$ 173,000
Alumax of South Carolina, Inc.	\$ 69,000	\$ 68,000	\$ 86,000

Board of Directors



Dwight A. Holder
Pickens and Hilton Head
Chairman



Walter T. Cox
Clemson
1st Vice Chairman
Representing 3rd
Congressional District



Harold M. Robertson
Walterboro
2nd Vice Chairman
Representing 1st
Congressional District



Robert D. Bennett
Columbia
Former Electric
Cooperative Executive



W.E. DeLoach
Columbia
Representing 2nd
Congressional District



Albert C. Gossett
Greenville
Representing 4th
Congressional District



George W. Jones Jr.
Loris
Representing Horry County



John E. Miles
Sumter
Representing 5th
Congressional District



Eugene F. Oliver
Moncks Corner
Representing Berkeley County



Henry B. Rickenbaker
Summerton
Representing 6th
Congressional District



Marvin M. Thomas
Georgetown
Representing Georgetown
County

Management

CHANGES IN THE BOARD

There were three changes in Santee Cooper's Board of Directors during the past fiscal year. W.E. (Bill) DeLoach was appointed to fill the unexpired term of J.I. Washington III. He represents the Second Congressional District, consisting of Lexington, Richland, Bamberg, Orangeburg, and Calhoun counties. DeLoach was an executive assistant to former Governor Richard Riley and is president/owner of DeLowe Corporation. Albert Clinton Gossett Jr. was appointed to represent the Fourth Congressional District, composed of Spartanburg, Greenville, and Union Counties. He replaces J. Thomas Grier. Gossett is owner and operator of Gossett Concrete Pipe Company in Greenville. Johnnie Joseph Young of Georgetown was appointed by Governor Carroll Campbell to represent Georgetown County, replacing Marvin Thomas. Young is president and one of the founders of Low Country Forest Products, Inc.

William C. Mescher
President and Chief
Executive Officer

W. Andrew Burke
Vice President
Marketing

Kenneth R. Ford
Vice President
Finance

Joe C. Norman
Vice President
Commercial Operations

Robert E. Rinear
Vice President
Engineering & Operations

Robert V. Tanner
Vice President
Production

F. Eugene Williams
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